

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Tuesday August 7 1984 No. 29,390 D 8523 B

Beyond the great American equity revival, Page 8

Asia	18	Indonesia	1280	Peru	100	U.S.	100
Belgium	120	Italy	1100	S. Africa	100	U.K.	100
Canada	120	Japan	1550	Singapore	100	West Germany	100
France	120	Korea	1000	Spain	100	Yugoslavia	100
Germany	120	Malaysia	1000	Sweden	100		
Hong Kong	120	Netherlands	1000	Switzerland	100		
India	120	New Zealand	1000	Taiwan	100		
Italy	120	Philippines	1000	Thailand	100		
Japan	120	Singapore	1000	U.A.E.	100		
U.S.	120	U.K.	1000	U.S.A.	100		

## NEWS SUMMARY

### GENERAL

#### German disquiet on Iraq arms link

The Bonn Government is embarrassed over the sale of helicopters to Iraq carrying West German military equipment but built under licence in Spain.

Bonn has highly restrictive laws against the sale of arms to "areas of tension" such as the Gulf, where the Iran-Iraq war is being fought. Iraq has already received 24 B6105 helicopters - some also equipped with Swiss weapons - according to their West German maker, Messerschmitt-Bölkow-Blohm (MBB).

Meanwhile, Greece has announced its intention to buy 40 French-made Mirage 2000 interceptors as part of a \$2.5bn purchase of up to 100 new fighters. Page 10

### BUSINESS

#### Wall St fails to maintain upswing

WALL STREET failed to sustain last week's meteoric progress yesterday and the Dow Jones industrial average closed just 0.88 points up at 1,202.96. A carry-over from last week's strength had taken the average 21 points ahead in the first half-hour but, although trading remained heavy, prices slipped back.

European bourses continued their advance, although some hesitancy among investors left shares off their best levels of the day as profits were taken in many issues. Section III

#### Progress on treaty

Chile and Argentina are near agreement on a treaty to end their dispute over the Beagle Channel, according to the Vatican, which has been mediating since 1979.

#### Hijacker held

A German-speaking hijacker surrendered when armed police stormed the French DC-8 cargo aircraft he had forced to fly to Marseille airport after it had taken off from Algiers.

#### 'Green Line' deaths

A Lebanese army officer and three soldiers were killed when a mine exploded during clearing operations along the "Green Line" in central Beirut.

#### Poland attacks U.S.

Poland's state-controlled press has criticised President Reagan's easing of sanctions against Poland as insufficient and said the U.S. was still trying to interfere in the country's affairs.

#### Plea to UK miners

Mr Ian MacGregor, National Coal Board chairman, has issued his second direct appeal to striking UK miners to return to work. Page 5

#### KGB blamed

U.S. Attorney-General William French Smith said letters purportedly written by the Ku Klux Klan threatening Third World students were forgeries by the Soviet KGB.

#### Soviet warning

The Soviet Union, which will conduct missile tests during August between the Marshall and Hawaiian islands, has warned ships and aircraft to avoid that area.

#### Japan fires missile

Japan has successfully test-fired its first locally made ground-to-air missile. Its target was destroyed 50 seconds after takeoff in Shizmal, northern Japan.

#### Botha tour

South African Prime Minister Mr P.W. Botha is likely to visit several African countries in October, possibly including Ivory Coast, Zambia, Zaire, Gabon, Mozambique and Morocco, according to official sources. Page 3

#### Zanu wins poll

Candidates of Zimbabwe's ruling Zanu-PF party won all 10 contested seats in local government elections in Harare.

#### Burton funeral

Richard Burton will be buried on Thursday in Cologny, Switzerland, near his villa "Pays de Gales".

## Insurance companies join forces to rescue wayward satellite

BY PETER MARSH IN LONDON

THE INSURANCE industries on both sides of the Atlantic are near to concluding plans for an elaborate rescue operation in which an ailing satellite will be salvaged from outer space, renovated, and sold to the highest bidder.

The Palapa B-2 satellite, formerly owned by the Indonesian Government, was rendered useless when it was put into the wrong orbit by a U.S. space shuttle last February.

A group of insurance underwriters is due this month to sign a contract with the U.S. National Aeronautics and Space Administration to carry out the rescue in November.

The underwriters are hoping to recoup some of the \$75m they have lost in paying damages to the Indonesian Government.

In a complex set of negotiations, the insurance industry has agreed to stake up to another \$10m to finance the rescue.

As a result of the payment to Indonesia, the ailing vehicle is technically the property of the insurance groups. They aim to repair the satellite to earth, return it with spare parts and then sell it for perhaps \$35m.

The underwriters hope to cut their losses on the complete operation from \$75m to \$50m.

The shuttle launch last February should have put Palapa into the geostationary orbit, 38,000km above the earth, used for communications. The mishap was caused by a fault in a small rocket engine fixed to the satellite.

The incident is thought to have left the vehicle largely undamaged, according to Mr John Howes, deputy chairman of Crawley Warren, a London insurance broker that has played a large part in the rescue talks.

Crawley Warren and Inspace, another broker in Washington DC, arranged the insurance for the original launch. Between them, the companies spread the insurance risk over more than 100 companies in London and Washington, including members of Lloyd's of London.

Many of the insurers involved in the original exercise have agreed to put up the extra cash needed for the rescue attempt, Mr Howes said. Negotiations with Nasa over the

salvage mission have been led by two groups of underwriters, Merritt Syndicates of London and Intec of Washington.

The rescue effort is one of the boldest operations to be planned for space. An astronaut on the shuttle's November mission will leave the vehicle to attach a special probe to the satellite.

The object is spinning at 55 revolutions a minute in an orbit some 400 km above the earth. That must first be reduced to one revolution a minute, then the satellite will be returned to the shuttle's cargo bay, and hence to a repair team on earth.

The exercise will in some ways resemble the rescue by the shuttle

of a scientific satellite in April. But that scientific craft was built so that it could be retrieved from orbit and returned to the ground, whereas nothing of the sort was ever planned for the Palapa.

The renovated satellite could be returned to the correct orbit as early as June next year. If the underwriters could sell the craft back to Indonesia, the country would not need to build a replacement. No replacement would be ready for launch until 1986 at the earliest.

Nasa said yesterday it was anxious to go ahead with the flight, to demonstrate that such rescue operations are possible. The mission would also restore confidence in U.S. space capabilities after a series

of disappointments, including the aborted first flight in June of Discovery, intended as the third member of the shuttle fleet.

Nasa admits it has quoted the insurers an artificially low price for the rescue operation. It requires about \$5m for the exercise. The underwriters will need to find another \$5m to pay Hughes, the aerospace company, for extra hardware to be used on the mission.

The low Nasa price contrasts with the \$150m to \$200m, which is the real cost of one flight of the space shuttle. Nasa admits the mission is as much bound up with restoring its credibility as with cutting the losses of the insurance fraternity.

### RESPONSE TO CRITICISM FROM MOSCOW

## Genscher defends ties with East as Berlin bolsters Soviet links

BY RUPERT CORNWELL IN BONN AND LESLIE COLITT IN BERLIN

Herr Hans Dietrich Genscher, the West German Foreign Minister, yesterday spelled out anew the message that closer ties between the two Germanys served the interests of peace and detente between East and West.

East Germany, meanwhile, promised to intensify its economic links with the Soviet Union in a meeting in East Berlin between senior Soviet and East German officials.

Herr Genscher's views, set out in a long statement of Bonn's perception of how tensions between the two blocs might be reduced, represent his Government's first detailed return to the criticism from Moscow of the present warming of relations between the two German states.

A constructive dialogue between Bonn and East Berlin, Herr Genscher emphasised, was to the advantage of all neighbouring countries "and not the detriment of third parties." West Germany respected the present frontiers in Europe as inviolable and had no territorial claims on anyone.

In an implicit defence of the latest agreement between the Germanys he insisted, however, that if they were to discharge their duties to secure stability in central Europe, they themselves had to be stable.

Without mentioning specifically Bonn's recent DM 960m bank credit for East Berlin, Herr Genscher not



Herr Hans Dietrich Genscher

devices to "gradually erode" the foundations of the communist system in East Germany.

But Herr Genscher said yesterday that such credits would help to reduce tension in Europe, "as would independent advances on human issues."

Herr Genscher's words were again aimed at removing the impression that the bank credit had been specifically targeted for the modest concessions on contacts between inhabitants of the two Germanys agreed simultaneously by the East Berlin Government.

In a plain rebuke to domestic critics who argue that Bonn has given too much for too little in return, the Foreign Minister said that inner-German relations needed prudence and foresight, and caution in their public treatment by politicians.

In East Berlin, Herr Gerhard Schröder, head of the East German planning commission, told Mr Nikolai Inozemtsev, deputy chief of the Soviet State Planning Committee, that the East German leadership had agreed on measures to "intensify

Continued on Page 10

## Japan cuts price of VCR exports to the EEC by 7%

BY ROBERT COTTELL IN TOKYO

JAPAN has cut the price of its videocassette recorder (VCR) exports to EEC countries by 7 per cent from this month. It may also restrain the volume of finished VCRs exported to Europe at a level 3 per cent below the officially agreed "ceiling" for the current year, in a bid to avoid "trade friction" with the European Community.

Japan's VCR exports to the EEC are regulated by the Ministry of International Trade and Industry (MITI) in compliance with a "voluntary" EEC-Japan agreement struck in February 1983. The three-year agreement limits Japanese exports to 4.55m units in the current year, including 600,000 "knocked down" kits. The agreement also provides for MITI to set a "floor price" for the units exported from Japan, designed to align their retail prices with those of units produced in Europe.

MITI has told Japanese manufacturers that from this month they can cut prices of their European-bound VCRs by 7.5 per cent (\$20.83) each, from the prevailing floor price of ¥100,000 for large, sophisticated models; ¥85,000 for mid-market

models; and ¥70,000 for small, simpler units. The floor prices are set on a free on board (fob) basis, which does not include shipping charges.

MITI said yesterday the decision to cut the "floor price" followed the appreciation of the Japanese yen against European currencies in the past year and industry fears that VCR demand in some European countries, notably Britain, might be flagging.

Japanese officials say the cut in floor prices was not welcomed by European Commission officials, who were notified at a meeting in

Tokyo on July 20. According to one official, European Commission representatives suggested that Japan also cut the volume of VCR exports. Japan replied that it would study market conditions and consult manufacturers.

Industry expectations in Japan are that MITI will guide Japanese manufacturers to produce a ceiling of 3.75m finished VCR exports to EEC countries this year, instead of the 3.95m possible under the 1983 agreement. MITI declined yesterday to discuss the probability of such a reduction, saying that cut in volume was being considered.

Japan shipped 289,000 VCRs to Britain in the second quarter of 1984, compared with 358,000 in the comparable period of 1983.

The decline means that West Germany has so far this year overtaken Britain as the largest European market for Japanese VCRs. Shipments to West Germany totalled 436,000 in the second quarter of 1984, compared with 399,000 in the second quarter of 1983. Full-year shipments of Japanese VCRs to West Germany totalled 1.82m in 1983, against 2.14m to Britain.

## U.S. to act against textile imports

By Anthony Moreton, Textiles Correspondent, in London

THE U.S. is to impose stricter regulations on imports of clothes and textiles from cheap producer countries.

The restrictions, to take effect from September 7, involve more stringent rules on origin marking. Their effect will be to inhibit producers from switching the final manufacture of items from one country to another to take advantage of the varying quotas agreed for textile imports from different countries.

The changes, already the subject of a formal protest from the Hong Kong Government, are only part of a strong wave of trade protectionism in the U.S. in the run-up to November's presidential election.

Congress has 100 Bills before it seeking to limit a wide range of imports from cement and shoes to ginger roots and car parts.

Hong Kong is claiming the textiles move, published in the Federal Register of August 3, to be a breach of both General Agreement on Tariffs and Trade (GATT) rules and of the Multi-Fibre Arrangement (MFA) which governs world trade in textiles.

Representatives from Hong Kong are understood to be due in Washington for talks on the issue.

U.S. imports of textiles from all sources rose by 59 per cent to \$7.4bn in the first half of this year. Its main suppliers were Taiwan, South Korea, Hong Kong and China.

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## Merrill Lynch to pay \$100m for Becker Paribas

BY TERRY DODSWORTH IN NEW YORK

MERRILL LYNCH, Wall Street's largest securities company, surprised the financial markets yesterday with the announcement of an agreed \$100m share offer for Becker-Paribas, the New York-based securities firm owned by Paribas, the French nationalised bank.

The deal comes while Merrill's growth strategy is being widely queried by analysts. It is already the most widely diversified of the big Wall Street firms, and has been struggling with a top-heavy cost structure in the flat equity market of the first half of this year - a task that was illustrated by its second-quarter loss of \$33m.

In addition, although Becker-Paribas has a strong commercial paper trading business, it is not immediately obvious how that will help Merrill, since it has a large commercial paper department of its own.

The deal comes after a troubled spell for Becker-Paribas, which ran into heavy losses, around \$2m, on its broking business in 1982. The firm was then under the joint ownership of S. G. Warburg, the London merchant bank, and Paribas, but after some extensive management restructuring, Warburg sold its 25 per cent shareholding to the French group.

Last May, Paribas moved to buy out the rest of the New York company, in a deal that has been estimated at around \$75m. The 43 per cent it acquired at that time was owned by employee shareholders of War-

burg-Paribas, in which the equity at the year's end stood at \$176m.

On the face of it, therefore, Merrill Lynch appears to have bought the New York company cheaply, although no details of its recent trading history are available.

The one indication that has been given recently, in the shape of a 10 per cent reduction in Becker-Paribas's workforce, suggests that it has been feeling the squeeze on profits like most other Wall Street firms this year.

Merrill itself has been one of the main victims of such pressure on margins, and only recently announced plans to reduce its workforce by another 1,000 to bring total payroll cuts for the year to 2,500. It said it was aiming to save \$200m from the cuts, while planning to make additional savings by moving from a number of New York offices to a new headquarters building.

Mr William Schroeder, who was appointed chief executive as part of the changes, said at the time that the company would change its emphasis in the sort of services it offered. Analysts were yesterday emphasising, however, that they had been hoping to see more rationalisation of the group's existing business rather than further acquisitions and diversifications.

David Marsh in Paris adds: The sale of Becker-Paribas, which follows Becker's sporadic financial difficulties over the past two years.

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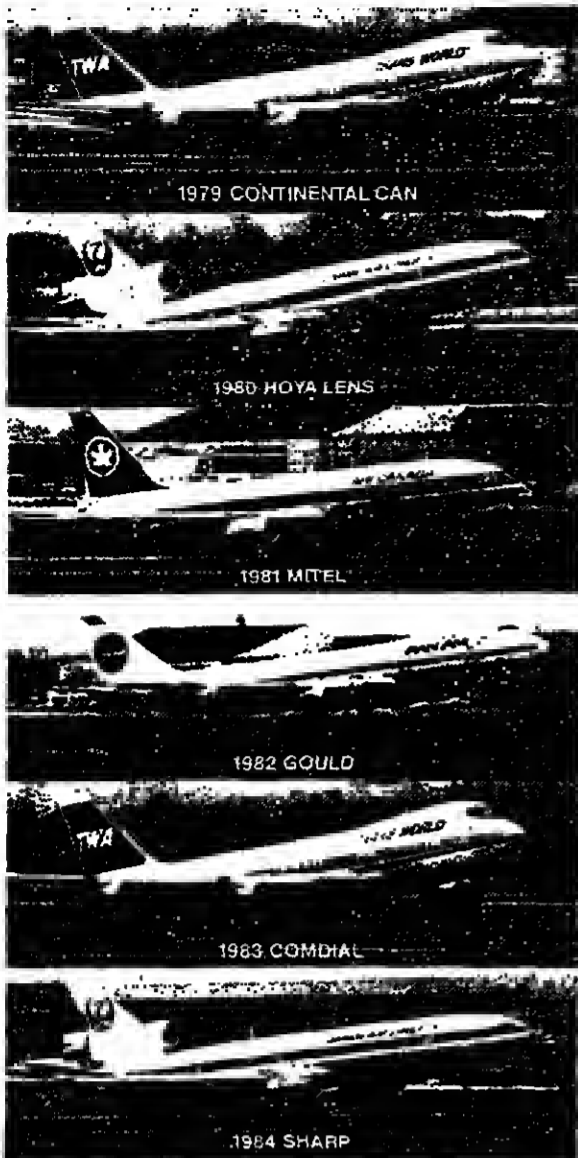
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# EUROPEAN NEWS



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## French reaffirm anti-ETA action

By Tom Burns in Madrid  
 FRENCH and Spanish collaboration against Eta, the Basque Separatist movement, was reaffirmed yesterday at a meeting in Madrid between Sr Jose Barrionuevo, Spain's Interior Minister, and M Pierre Joxe, who was making his first official visit outside France following his appointment as Interior Minister in last month's French Government reshuffle.

Spanish officials said the meeting was a continuation of an earlier round of talks between Sr Barrionuevo and M Gaston Deferre (former French Interior Minister) on June 14.

These established wide-ranging agreements concerning cross-border anti-terrorist operations and led to decisive French action against Eta members living in South-West France.

In the past month, there have been a number of arrests of Eta members by French police acting on Interpol warrants, issued on behalf of Madrid police.

Such action has been in marked contrast to what Spanish governments, in the past, have termed French "tolerance" of Basque safe havens across the Pyrenees.

The Spanish Interior Ministry said after the talks between the two Ministers that France was wholly opposed to permitting acts of violence being planned or perpetrated in French territory. The meeting had marked the continuity of close relations between both Governments on the issue.

The present close relationship is understood to be the result of several factors, chief being the success of Sr Felipe Gonzalez's Government in convincing the French that Eta's supposedly political activities are unwarranted, given the existing democratic guarantees in Spain.

A second factor has been the overspill of Eta violence into south-west France. A shadowy right-wing death squad has claimed responsibility for the murder of nine Eta members in south-west France since last December, in reprisal for separatist violence in Spain.

Madrid Interior Ministry officials said yesterday's talks had centred on a "trade-off" between both Interior Ministers.

In this, Spain guaranteed it would give individual pardons to Eta members who forswear violence, while France withdrew the refugee status formerly granted to separatists who crossed the border to escape Spanish police.

The meeting also discussed the sensitive issue of the deportation of known Eta leaders living in France.

## Proposed changes to the Constitution have disturbed the peace, reports David Marsh

# Mitterrand prepares a political path

THE ORNATE hulk of the French Senate building sits sedately at the Northern end of the Paris Luxembourg gardens. Normally in August the 17th-century palace, erected by France's Tuscan Queen Marie after she tired of the Louvre, is a repository of peace.

Today, however, the Senate will become once again the epicentre of one of the constitutional power tussles between the President and parliament which have become a sporadic feature of France's 5th Republic.

Immediately at stake in the Senate debate today is the verdict of the French upper house, two-thirds controlled by the Right-wing Opposition, on President Francois Mitterrand's project for a reform of the 1958 constitution to allow referendums to be held on matters affecting civil liberties.

Behind the subject lies a tortuous political battle which could prove a turning point in the Mitterrand presidency. The fight is over an issue—the rights of private schools—on which up to now Mitterrand has been on the defensive.

But by trying to put the Opposition in discomfort over what has been dubbed "the battle of the referendum," Mitterrand is hoping to make a surgical incision into the tangle of the French political centre, a move which may

safeguard his presidency should the Left suffer a crushing reverse in the 1986 general elections.

On July 12 he announced that the Government's much-disputed Bill to increase control over private schools was being dropped. But he proposed an amendment to the constitution which would allow questions of individual liberties—such as education and immigration—to be ruled upon by popular vote through the use of referendums.

The announcement was a deliberate bid to take the wind out of the Opposition's sails. The Right, and particularly the Senate, in a much-paraded motion at the beginning of July, had been calling for the schools issue to be opened to a referendum.

But the constitution limits the use of referendums to matters touching on "the organisation of public authorities," a phrase which is open to interpretation. Constitutional experts say that it does not cover the state's links with private schools.

In order to change the constitution, France's 1958 guiding law decrees that the amendment needs to be agreed by both the National Assembly (where the Socialists have a clear majority) and the Senate. A binding decision, to widen the referendum framework, must be taken by the French people—in the "referendum on the referen-



M Michel Debré (left), Gaullist baron in the Senate, doubts that M Mitterrand will hold a schools referendum; but M Laurent Fabius (right), the Prime Minister, was quick with a riposte.

dum" which Mitterrand proposed holding in September.

The Senate last month declared that it would block any question of constitutional change, but laid itself open to embarrassment by saying that the proposed poll over the referendum was a gimmick.

At best it would be a "diversion," the Right said, at worst it could reinforce Mitterrand's powers by opening up the possibility of carefully-selected plebiscites designed to produce

large "yes" votes.

And anyway, as M Michel Debré, one of the Gaullist barons of the upper house, and one of the main authors of the constitution, pointed out last week, Mitterrand had never committed himself to holding a schools referendum.

Knowing that Opposition leaders, especially M Jacques Chirac of the neo-Gaullist RPR party, would be severely discredited by appearing to deny the people the previously

sought right to popular consultation on schools, Mitterrand has been waiting patiently for the weight of the Right's contradictions to become a political millstone.

Another piece in the chess game was moved on Sunday evening when M Laurent Fabius, the Prime Minister, issued a statement every word of which was honed after close consultation with the President. Designated specifically to meet the Debré criticism, Fabius said he "knew" that Mitterrand agreed with a future referendum on schools—although this was bedded with the condition that it should be held only if the French faced a serious problem of conscience.

M Charles Pesqua, the combative leader of the RPR Senators, immediately dismissed the Fabius statement as just another "smokescreen," but the Senate debate starting today will decide whether the Right still has the nerve to confront the President head on.

With the tactical battle seeming to slip in M Mitterrand's favour, the only comfort for the upper house is that in its last big battle with the presidency, also over a referendum, called by General de Gaulle in 1969 to cover the Senate's powers, the President was the loser.

## Inflation in Yugoslavia at all-time high

By Aleksandar Lebl in Belgrade  
 YUGOSLAVIA is notching up economic records this summer, not all of a pleasant kind.

In July, for instance, inflation hit an all-time record with retail prices 62.1 per cent higher than in July last year, and the cost-of-living index up by 59 per cent.

A 5.4 per cent rise in retail prices in July followed the lifting in May of a price freeze on over half the goods registered.

Another record set in July was a 45-day strike by workers of a factory in Kocane, a town in Macedonia, protesting against local bureaucrats who wanted to merge their plant with others.

They held out against various kinds of harassment until higher government and party organs intervened on their behalf.

A third record promised this summer is the wheat harvest which, it is estimated, will yield over 2.4 tonnes per hectare, the highest yet

## Crackdown on Ukraine corruption

BY DAVID BUCHAN  
 THE Soviet drive against corruption and incompetence among officials has extended into the Ukraine, according to the local Communist Party chief, Mr Vladimir Shecherbitsky.

In a Pravda interview, he said that three high officials in the republic had been sacked for embezzlement and that one had been reprimanded for bungling his job.

One of those reprimanded in connection with the grain harvest had been the Ukraine Agri-

culture Minister, Mr Shecherbitsky, stated.

Recent heavy rainfall on cut grain in the northern Ukraine has overstretched the republic's drying facilities and reduced the flow of processed grain to storage silos to 10,000 tonnes a day or one third of the normal rate, according to the agricultural newspaper Rural Life.

Earlier Western estimates have put this year's Soviet crop at around 190m tonnes, about the same as last year. But the Ukraine is one of the Soviet

Union's most productive grain areas.

Reports of the campaign for more discipline in the Soviet economy, which started under the late President Yuri Andropov, have tended to focus on corruption in high places, most spectacularly in the southern Asian republic of Uzbekistan.

There, the second party secretary, Interior Minister and KGB and police chiefs all lost their jobs. Corruption was also found in Georgia, Belorussia and Latvia.

## UN chief in new talks on Cyprus

By Patrick Blain in Vienna  
 THE FIRST ROUND of talks to revive the stalled negotiations on the future of Cyprus ended in Vienna yesterday, after a formal exchange of views between Sr Javier Perez de Cuellar, UN Secretary General, and Mr Andreas Mavromatis, director-general of the Greek-Cypriot Foreign Ministry.

Mr Mavromatis said after the talks that he had exchanged views with Sr de Cuellar but that it was "too early to speak of confidence or lack of confidence" about the possible outcome of the talks.

"I put certain things to the Secretary-General, and he said certain things to us. He gave us certain working points to study but no proposals."

Mr Mavromatis returned to Nicosia last night. Sr Perez de Cuellar is today to meet Mr Necati Ertekin, Minister of Foreign Affairs of the self-proclaimed Turkish Republic of North Cyprus.

Sr Perez de Cuellar said he did not expect any breakthrough. He would be presenting "some working points" to the two sides and would then wait for a response from the respective governments.

## Danish Liberals seek a leader

BY HILARY BARNES IN COPENHAGEN  
 THE LIBERAL Party's search for a new leader following the resignation of Mr Henning Christophersen, is taking Danish politics out of its usual summer torpor.

Mr Christophersen resigned both as party leader and Finance Minister, in order to become Denmark's EEC Commissioner next January. He has left his party at odds over his replacement as leader.

Together with the Conservative Party, the Liberals form the core of the non-Socialist

Right, but the party is currently overshadowed by the Conservatives, who benefit from the fact that their leader, Mr Poul Schlüter, is Prime Minister.

The Liberal heir-apparent is Mr Ivar Hansen, 45, a West Jutland farmer, and former Transport Minister, who is currently the leader of the party's parliamentary group.

But many party members feel that Mr Hansen (dubbed Ivar Who? Hansen by a Copenhagen newspaper) lacks the charisma necessary to restore

the party's electoral fortunes. Other party heavyweights, however, are so far backing away from a leadership contest at the party's September annual congress.

Mr Uffe Ellemann-Jensen, the Foreign Minister, is among those who have declined to stand. So has the popular, plain-speaking Home Affairs Minister, Mrs Britta Schall Holberg, who has strong support among local party organisations.

## UK Labour attacks superpowers

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON  
 THE British Labour Party's new defence document attacks both the Soviet Union and the U.S., saying they are equally dangerous superpowers.

The 58-page statement - Defence and Security for Britain - is based on the unanimous decision taken a fortnight ago by the party's national executive committee in favour of a non-nuclear strategy for Britain.

This policy, to be presented to the party's annual conference in early October, would include the removal of all U.S. nuclear weapons and bases from Britain and the immediate decommissioning of Polaris missiles by an incoming Labour government.

The document highlights the compromises within the Labour leadership in its drafting as reflect-

ed in the comment by Mr Roy Hattersley, deputy leader, that there were continuing "ambiguities" in the approach.

In particular, the introduction contains a reference both to Britain's support for collective security within Nato and the longer-term objective of a new security system in Europe with "the mutual and concurrent phasing out of Nato and the Warsaw pact."

The statement concedes that this will not happen easily or quickly "but Labour is committed to a new European security system without both blocs."

The document argues that both the U.S. and the Soviet Union "behave as global superpowers whose strategies have been developed to protect what they consider to be

their own interests throughout the world. Both superpowers are now engaged in a relentless nuclear arms race which makes war more likely."

"Labour deplores the build-up of nuclear weapons by both the U.S. and the USSR, sometimes justified on the grounds of an unbridgeable ideological conflict."

The document argues for a new form of international organisation with a European nuclear weapon-free zone and dissolution of the present two blocs in Europe.

The document has already been seized upon by Conservative Party and Liberal - SDP Alliance leaders to argue that Labour's pledges are incompatible with Britain's full participation in Nato.

## Job programme cuts Swedish unemployment

BY DAVID BROWN IN STOCKHOLM  
 SWEDEN'S "OFFICIAL" unemployment at the end of July stood substantially below the level a year earlier, but this was due to a new Government "labour market" programme, the Swedish Labour Market Board reported yesterday.

The number of openly unemployed dropped by 20,000 persons to 174,000 or 4 per cent of the total work force. However, this figure does not include those working in subsidised, sheltered and relief work.

A new Government youth jobs package—under which school-leavers work four hours a day in communal work brigades in exchange for their welfare benefits—occupies some 28,000 persons.

## Nato troops defenceless against Soviet tanks says general

THE NATO infantryman required to fight in central Europe against the Warsaw Pact may be less able to cope with enemy weapons and tactics than his counterpart was in 1945.

A senior German general believes that, despite Western technological superiority, Nato's infantry could be "as defenceless against Soviet tanks" as the Infantry was when tanks first rolled into battle at the Somme in 1916.

The reasons are said to be inadequacy of infantry anti-tank weapons, as well as simple, if potential, tactical weaknesses in Western, as compared to Soviet, tank design.

Lt-Gen Franz Uhle-Wetler recently commanded the West German 5 Panzer Division in Nato's central region. Today he is commandant of the Nato Defence College in Rome.

Writing in the latest issue of Nato's 16 Nations, an independent review published in Brussels, Gen Wetler says military strategists and tank designers have become "fascinated, even blinded, by technology."

In 1945, the German — and allied — infantrymen had one

Army officers point out that no country has yet come up with a weapon to cope with today's greater thickness of tank armour, while being as flexible as anti-tank weapons of 40 years ago, Bridget Bloom, Defence Correspondent, writes.

or more anti-tank weapons which they could easily carry and use in foxholes and other enclosed spaces.

The weapons would "fire an anti-tank rocket using a discarding launcher so cheap and light that every soldier could be issued with as many as he wanted."

Over the years, however, the infantryman's weapon was improved so that it became "so costly and so heavy that the launcher, now reloadable, could be issued to a few soldiers only."

Today's version is virtually impossible to fire in enclosed spaces, even though the Infantry is bound to be involved in fighting in built-up areas.

Lt Gen Wetler also lists the disadvantages of the "marvellous" and sophisticated range of Western tanks. Most do not

have windshield wipers, he says, so that drivers' vision becomes obscured by mud.

He contends they do not have position lights, to enable friendly tank formations to manoeuvre safely at night nor, despite the fact that they are generally bigger than Russian tanks, can they protect themselves from enemy sensors and fire by constructing a "hull down" position, as Soviet tanks can.

British army officers accept that there is some truth in the German general's assertions. The British infantryman, for example, is armed with the 66mm U.S.-made light anti-tank weapon which, because it is built on the principle of the recoilless rifle, cannot be safely fired in an enclosed space.

The 66mm weapon, and the Swedish-made Carl Gustav of

slightly longer range, is being replaced by the LAW 80. But this is likewise of very limited use in built-up areas.

Army officers point out that today's major problem is the greater thickness of tank armour, compared to 1945. They acknowledge that no country has yet come up with a weapon which will cope with that, and be as flexible as the anti-tank weapons of 40 years ago.

However, Kramaya Zvezda or Red Star, the Russian army's daily newspaper, has some crumbs of comfort for Nato troops.

It revealed last week that spot checks on Soviet tank units last month had revealed that young Soviet crewmen could not drive their tanks properly, were particularly poor at night exercises, and could not fire the tank guns straight.

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OVERSEAS NEWS

Egypt and U.S. fail to discover who laid Suez mines

BY TONY WALKER IN CAIRO

Egypt and its allies, including the U.S., appear no closer to solving the mystery of who is responsible for laying mines in the Gulf of Suez and the Red Sea which have badly damaged several ships in the past week.

The Egyptian Defence Minister caused some confusion yesterday at a Press conference at Cairo Airport—where he was seen by President Hosni Mubarak on his way to Yugoslavia—when he said the "recent explosions were not of a destructive type that would cause damage to ships."

Little has appeared in the Egyptian Press about a dozen incidents now believed to have taken place in the Gulf of Suez

Peres and Shamir unity talks continue

By David Lennon in Tel Aviv

PRIME MINISTER designate Shimon Peres met for a tête à tête with outgoing Premier Yitzhak Shamir yesterday on the possibility of establishing a national unity government.

The two sides agreed to abide by the religious status quo and to leave the question of Jewish settlements on the occupied West Bank open to subsequent negotiations.

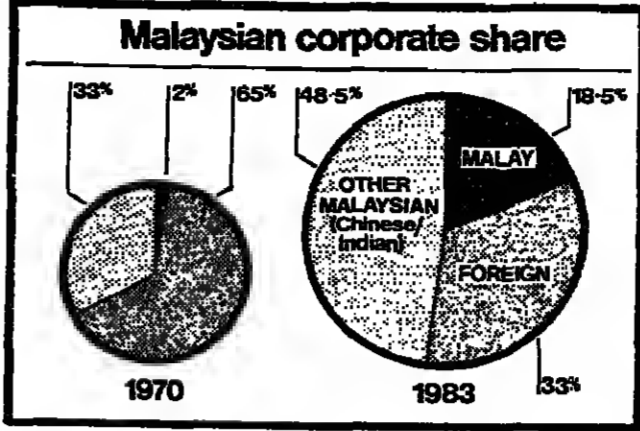
Both Labour and Likud have continued their parallel negotiations on the creation of a coalition with a simple majority in the Knesset, even while meeting to discuss joining together in a national unity government.

Malaysian policy has changed, reports Wong Sulong Door opens wider for investors

FOREIGN INVESTORS can expect to see a significantly more liberal and pragmatic investment policy in Malaysia following last month's major reshuffle of positions in the Cabinet and the ruling party by Dr Mahathir Mahathir, the Prime Minister.

The reshuffle shows that the 59-year-old Dr Mahathir has not lost his political instincts, as he enters his fourth year in office. "There is no doubt, he is the undisputed boss. Every faction in the party now works for him," commented a diplomatic observer.

Mr Daim is a good example of the modern Malay entrepreneur. Before being appointed Finance Minister, he built up a big business empire with interests in property development, banking, trading, entertainment and hotels, by using his political connections.



and trade unionists, who see the sprawling American and Japanese electronic assembly plants which employ 60,000 Malaysians as "screwdriver industries," with little technology transfer and linkages.

Many foreigners saw Mr Daim's predecessor as the leading proponent of Malaysian economic nationalism, and it was during his years as head of various powerful Government agencies, and later as Finance Minister, that saw the rapid and often controversial "Malaysianisation" of foreign assets.

Under the New Economic Policy, the Government wants to see the Malaysian corporate sector split 30 per cent for the Malays, 40 per cent for other Malaysians, and 30 per cent to foreign investors by 1990.

There are two main reasons why Dr Mahathir is now assiduously wooing foreign investment. First, good progress has been made in the NEP objectives. By last year, the Malay stake had risen to 18.5 per cent of a greatly expanded cake and the foreign stake was down to 33 per cent.

mentation of the NEP. Second, Dr Mahathir is pushing for a heavy industrialisation programme against an inauspicious global background and a major cut in Malaysian public expenditure.

The need for a more liberal investment policy, in particular a relaxation of the maximum 30 per cent foreign ownership rule was emphasised by American leaders, including President Reagan, when Dr Mahathir visited the U.S. last January.

The first beneficiary of this policy was Singer, which restructured its company last month. The next will be Nestlé.

Botha may undertake rare tour of Africa

South African Prime Minister P. W. Botha is likely to visit a number of African countries later this year in a rare display of public contact with black Africa. Reuter reports from Johannesburg.

Officials say the tour would probably take place in October and could include such countries as Ivory Coast, Zambia, Zaire, Gabon, Mozambique and Morocco.

Mr Botha is virtually certain to be chosen. State President next month under a new constitution which will give a limited parliamentary voice to Indians and coloureds (people of mixed race), although not to the black majority.

He recently completed a European tour, the first by a South African Premier for over 20 years, which was aimed at improving the country's tarnished international image.

South Africa has said it wants to make peace with its black neighbours, who reject Pretoria's apartheid policies but several of whom are economically dependent on the white-ruled Republic.

Gulf blockade 'to go on'

BY DAVID BARCHARD IN ANKARA

IRAQ'S Deputy Prime Minister, Mr Taha Yassin Ramadan, yesterday said that his country would continue its military blockade of Gulf shipping in which several tankers have been attacked recently.

Mr Ramadan said at the end of two days of talks with the Turkish Government that it was impossible for Iraq to make exceptions to the blockade for a particular country. "Everyone knows it is impossible to single out Turkish ships from others," he said.

India to reject joint bomb probe request

BY D. P. KUMAR IN NEW DELHI

INDIA seems set to reject Sri Lanka demands for a joint probe into Thursday's bomb blast at Madras airport that killed 31 people.

India has already ordered a high-level investigation into the bomb blast, which is to be conducted by Air Vice Marshal Rajave.

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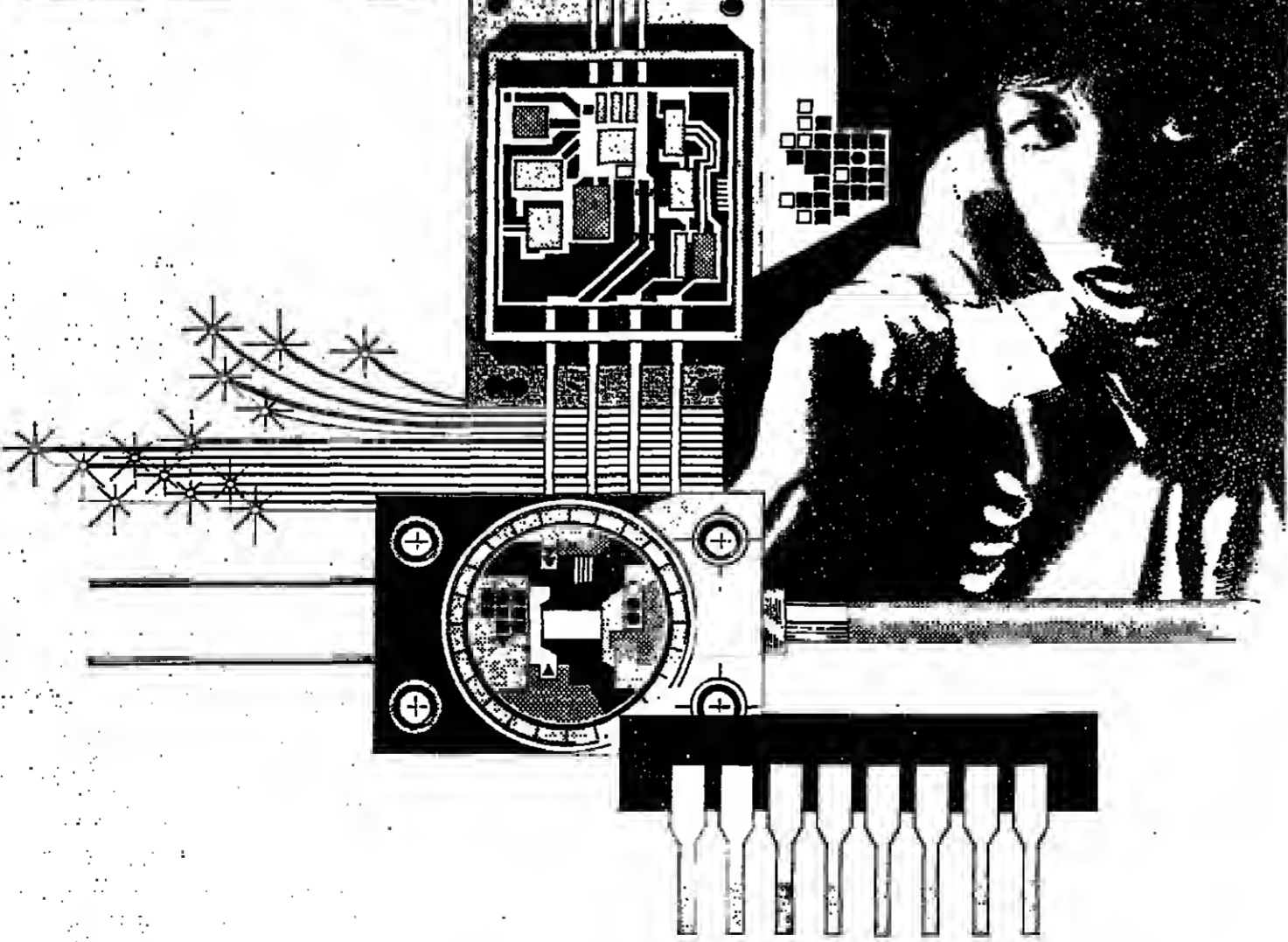
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# MacGregor in fresh bid to win over miners

BY OUR INDUSTRIAL STAFF

MR IAN MACGREGOR, the chairman of the National Coal Board (NCB), yesterday issued his second direct appeal to miners to return to work as the strike over pit closures entered its 22nd week.

His letter to every miner setting out the terms of the board's "final offer" has apparently been timed to influence the National Union of Mineworkers (NUM) delegate conference in Sheffield on Friday.

Mr MacGregor tried a similar tactic in the third month of the strike. Even moderate miners' leaders believe that this second attempt will have little effect.

"Attitudes are too polarised and those wanting to work have already gone back," said one NUM executive member. "It won't be a letter from Mr MacGregor which will end the strike. The recommendation will have to come from the NUM executive."

Mr Arthur Scargill, the NUM president, has already rejected the board's offer because it does not meet demands on the closure of uneconomic pits. It does, however, offer to postpone the current job-cutting programme and review closure proposals on five pits.

Almost £300,000 held in bank accounts for food and clothing for strikers' families has been frozen by the team of sequestrators track-

ing down South Wales miners' funds.

The money has been frozen because the NUM has refused to pay a £50,000 contempt of court fine. This was imposed because the union had breached an earlier order banning the unlawful picketing of two haulage companies carrying coal and coke from the Port Talbot steel-works in South Wales.

The NUM is refusing to cooperate with the four accountants from Price Waterhouse who are tracing their assets. The biggest part of our funds have been frozen, but we still have enough money to keep us going for a couple of weeks," said a spokesman for the miners, who have barricaded their headquarters in Pontypridd.

Price Waterhouse is anxious to meet miners' leaders because cash could be released if the NUM could prove particular sums in bank accounts were used purely for hardship payments.

Hundreds of striking miners in South Wales and their families marched in protest at the seizure of the union's relief funds. "This will only stiffen the resolve of the miners," said Labour MP Mr Allan Rogers.

Dockers at Hunterston on the Clyde are threatening to block a ship due to arrive today carrying

87,000 tonnes of coal for British Steel Corporation's Ravenscraig works.

Port employers fear this could become the first concrete example of extra backing being given to the striking miners since last week's secret meeting of left-wing union leaders decided to try to step up support.

Local talks have so far failed to resolve the problem. Officials of the Transport and General Workers' Union, which represents the dockers, will hold further talks tomorrow with the British Steel Corporation, the Clyde Port Authority, and the Iron and Steel Trades Confederation.

The NUM executive faces a new challenge from the courts - this time in a case to be brought by miners from the solidly strike-bound Yorkshire areas.

The action, which is likely to be held before Mr Justice Warner in the High Court on Thursday, is aimed at preventing the NUM leadership making a fresh attempt to gain assent from the special delegates' conference in Sheffield for a far-reaching change to the union's rule 51, which would establish a national disciplinary procedure for members found guilty of flouting union rules.

# Vehicle imports up in first 7 months

By David Helliwell

BRITISH car sales last month were the second lowest since records began in the mid-1960s, according to figures published yesterday by the Society of Motor Manufacturers and Traders.

Sales at 43,355 were 12.3 per cent lower than July 1983 and imports were up from 52.8 per cent to 57.8 per cent of total sales.

However, figures for the first seven months of the year show sales to be up slightly from 970,978 to 987,223 and the share of imports has dipped from 58.9 to 56 per cent.

The Society for Motor Manufacturers said July figures were unrepresentative because buyers traditionally hold back to buy new registration models in August. This year, the situation has been compounded by heavier than usual promotional activity by motor manufacturers during June.

Last year August sales reached a record 374,599 but this year motor manufacturers and dealers have been less optimistic than usual, with some forecasts down as low as 300,000.

The Society, however, still expects full year sales of around 1.8m compared with last year's record of 1.72m.

In July, Ford maintained its position as market leader with 24.1 per cent of sales. It took 19.7 per cent of the market, while General Motors' share dipped to 13.6 per cent from 19.6 per cent in July 1983.

Volvo had a record share of the market at 4.33 per cent with July sales at 1,876. The increase was spread across the range, although the 300 series doubled its sales compared to a year ago and accounted for 3.3 per cent of the market.

# Inflationary pressures abate as producer prices ease further

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE AVERAGE prices paid by industry for raw materials and fuel fell in July for the second successive month.

Figures from the Department of Trade and Industry suggest that inflationary pressures remain subdued in spite of the weakness of sterling earlier this year, which tended to raise import prices.

The 5 percentage point fall in the July index for producers' buying prices reflected a cut in the cost of supplies to the food industry, particularly for animals and cereal.

The prices of materials and fuel bought by the food, drink and tobacco industries fell by 1.7 per cent between June and July.

However, that was partly offset by rises in the price of imports for other industries. In the year to July, the prices of all manufacturing industry's supplies rose by 8.4 per cent. That is an uncomfortably high figure compared with the Government's hope of getting inflation down to between 4 and 4½ per cent next year.

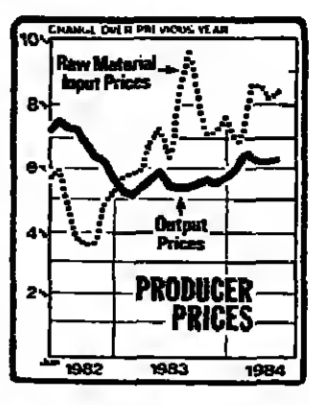
Continued improvements in productivity are enabling manufacturers to hold back rises in their selling prices. In the 12 months to July, the average rise in selling prices was 6.3 per cent, compared with 6.1 per cent in June.

For goods other than food, drink and tobacco, the rise in the 12 months to July was little changed at 5.6 per cent.

Until the unexpected rise in mortgage interest rates to 12½ per cent last month, the Treasury was confidently predicting that the inflation rate measured by the 12-month rise in the Retail Prices Index (RPI) would have fallen from the June figure of 5.1 per cent to 4½ per cent by the end of the year.

Mr Nigel Lawson, Chancellor of the Exchequer, admitted last month that the figure of 4½ per cent might not now be achieved until next year.

Much will depend on whether the recent, more optimistic tone of the financial and stock markets is rooted strongly enough to allow the



Bank of England to start edging interest rates down. That would lower banks' base lending rates from the present 12 per cent, which is 2½ points higher than the level at the start of last month.

Interest rates are important to the Government's anti-inflationary strategy because the mortgage interest rate is a constituent of the RPI.

# Industry competes on warship designs

By Bridget Bloom, Defence Correspondent

BRITISH defence and shipbuilding industries are being asked by the Government to help to design a controversial new class of warship.

Eleven companies have responded to a request from the Ministry of Defence to submit outline designs for a 1,000 to 1,500-ton ship by the end of October. At £35m each these ships would be smaller and considerably cheaper than the frigates and destroyers at present on order.

There is no government funding for the project at this stage, and the Defence Ministry is not committed to proceed on any of the designs. Partly for this reason, ministers have sought to keep their plans for the warship confidential.

There are other reasons for caution, however. Controversy over warship design is bound to re-open. This was barely laid to rest when the decision was taken a year ago to proceed with the traditional long, slim design of warship for the new Type 23 frigate.

Among the companies forwarding designs is Thornycroft Giles, the private ship designer, whose short, fat Sirius 90 was rejected last year as an alternative to the Type 23.

Additionally, the Ministry of Defence is flying in the face of tradition by going to industry, rather than to the Royal Corps of Naval Constructors for warship designs. It is doing so as part of the new policy of involving industry in the early stages of weapons design.

# Bidders line up for dockyard

By David Lawson

SEAFORTH Welding, one of Britain's biggest ship repair groups, has joined the list of potential bidders for British Shipbuilders' (BS) Falmouth Docks group. C. H. Bailey, with yards in South Wales and the west of England is also among the runners.

Morgan Grenfell, which is handling the sale for British Shipbuilders (BS), is revealing no details, although the deadline for companies to show preliminary interest has passed.

It is understood that the price could be about £5m to £10m for the Cornish yard, which has been turned around from a loss-maker to a profit of more than £1m in five years.

Visits are being arranged for eight potential bidders, including James Fisher in partnership with the docks group management, and A. P. Appledore combined with the promoters of the proposed Falmouth container terminal.

These had been involved in a single consortium which split when Falmouth Container Terminal Ltd (FCTL) judged that the proposed company would be under-capitalised and place too much reliance on bank finance.

ClydeDock Engineering, of Glasgow, has also showed interest in Falmouth but withdrew because it felt the price would be too high. It has bid for the docks twice in the past.

Seaforth, which employs 1,000 people at Liverpool and in Humber, South Thames and Ipswich ship repairers, wants to promote Falmouth as an alternative to foreign facilities for British liners needing large-scale work.

C. H. Bailey has nursed an interest in the Falmouth yard for more than a decade and made several unsuccessful bids. Mr Christopher Bailey, the chairman, staged a sit-in at BS headquarters in London three years ago in protest at what he called its "cavalier treatment".

# Ex-Howden directors seek discipline ruling

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO FORMER directors of Alexander Howden Underwriting yesterday asked the High Court to rule that Lloyd's, the London insurance market, had no power to take disciplinary proceedings against them.

Mr Jack Carpenter and Mr Alan Page - two of the so-called Howden "Gang of Four" - claimed that Lloyd's had no jurisdiction over them as they had resigned their Lloyd's membership before the disciplinary proceedings were started.

Lloyd's contends that the resignations were not valid but that, even if they had been, it would still have had jurisdiction over the pair's alleged acts while still members.

Mr Richard Yorke, QC, for Mr Carpenter and Mr Page, said that no such jurisdiction was to be found either in the Lloyd's Acts or by-laws.

He said the two men had resigned in letters written and delivered by hand to the chairman of Lloyd's on April 12.

It had been on that day that a settlement had been reached of claims against them by Alexander Howden and its U.S. parent, Alexander & Alexander.

Mr Carpenter and Mr Page - who were not rich men - had realised that as a result of that settlement,

which involved the payment of large sums of money and the transfer of assets, they no longer had the wealth needed to be Lloyd's members.

"They knew they would have to resign, the only question was when, Mr Yorke said.

"We do not for one moment pretend that Mr Carpenter and Mr Page did not see another advantage in facing up to the inevitable."

"They knew that disciplinary proceedings were in the air against them. By resigning they would, in their view, avoid the necessity of participating in those proceedings, which will be long and expensive."

The proceedings were due to start in November and would continue into the New Year, Mr Yorke said.

If possible the two men wished to avoid having to spend what depleted assets they had left on a pointless and sterile exercise.

The worst Lloyd's could do was expel them.

Mr Yorke said that Mr Carpenter and Mr Page claimed they had a complete defence to all the charges Lloyd's made against them, based on custom and practice in Lloyd's. The hearing continues today.

# Micromice rev up for world title

BY PETER MARSH

A purely British event, held in Portsmouth in 1980. Only five mice competed and they were all "pretty useless" according to Dr John Billingsley of Portsmouth Polytechnic, one of the UK leaders in micro-mouse racing.

He has already received about 50 entries, not just from amateur enthusiasts but from AT&T and National Semiconductor of the U.S. The most unlikely contender promises to be a group from the European headquarters of the North Atlantic Treaty Organisation.

The popularity of such contests has mushroomed along with the technical capabilities of the mice.

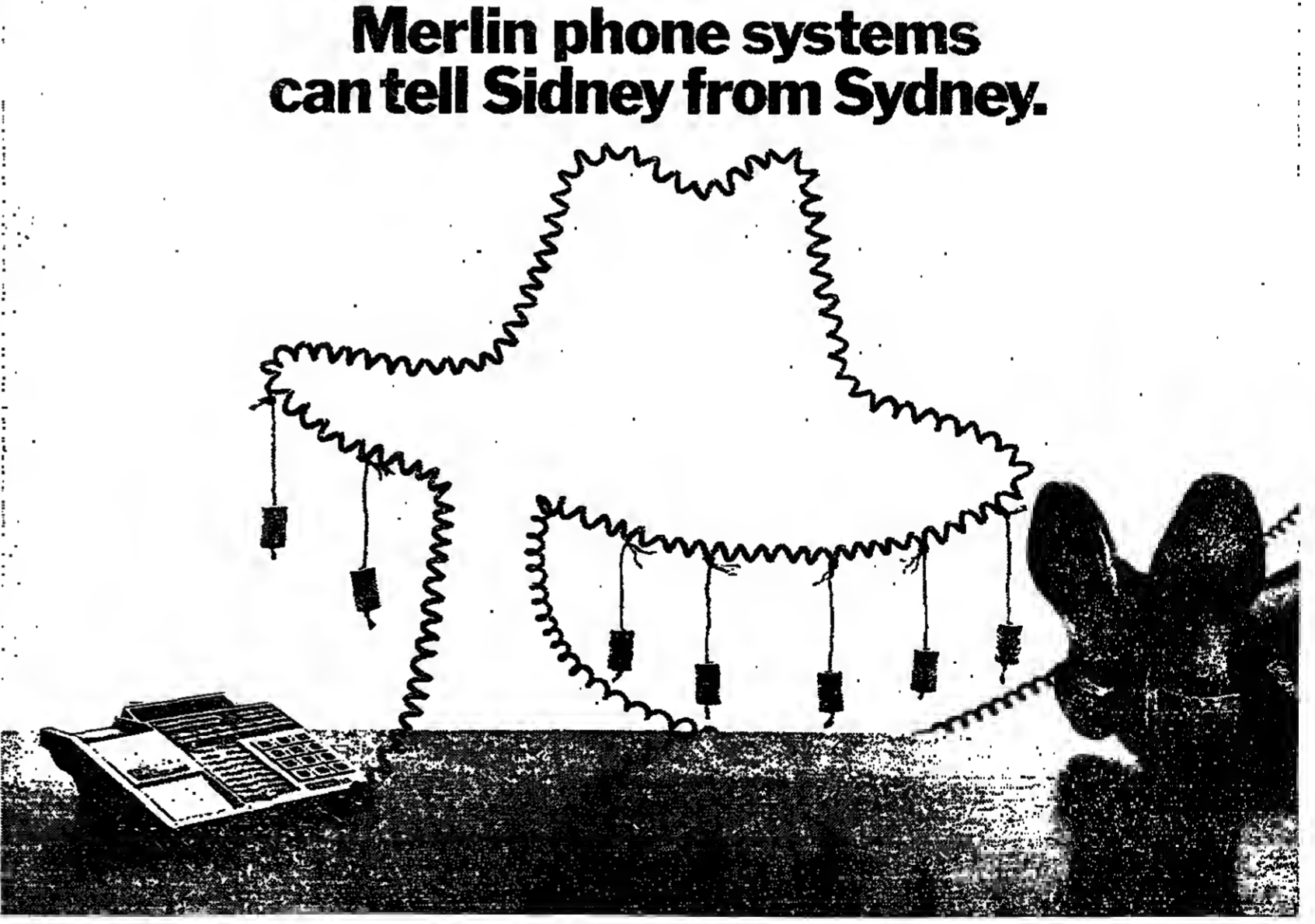
And, ever eager to borrow ideas in electronics from the West, Japan has taken to the sport with enthusiasm. The international finals to be held near Tokyo next year, with teams competing from the U.S. and Western Europe, promises to be the biggest.

In the European heats, to be held in Copenhagen, Britain is likely to be represented by Mr David Woodfield and Mr Bill Umenyi, two computer consultants, and Mr Alan Dibley and Mr Nick Smith, who work for IBM and British Gas respectively. A fifth British team will be a group of teenagers from school in North Wales.

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TECHNOLOGY

ROUND THE WORLD BALLOON ATTEMPT RELIES ON TEST TECHNIQUE  
Up and away for textiles tests

BY PETER MARSH

AN AUSTRALIAN and a Briton plan early next year to make the first trip round the world in a balloon. If they succeed, they will have to thank, at least in part, a giant machine built at Leeds University for testing industrial textiles.

The balloonists, Mr Peter Anderson and Mr Julian Nott, aim to complete the 40,000 km voyage in about 15 days. The duo will fly about 10 km above the earth to take advantage of the high winds—the "jet-stream"—at this altitude.

There will be the fourth effort to journey around the world in this way—previous attempts, all American, have failed after covering no more than a fifth of the route.

The aviators will break new ground in using a sealed balloon filled with helium that is maintained at a constant pressure. In conventional balloons, the helium changes pressure during the course of the journey. For example, it heats up at the beginning of the day and expands. At night the gas cools and the pressure decreases.

As a result of the pressure changes, the balloon gains or loses height. So travellers must continually jettison ballast or heat the helium with burners to prevent disruptions to their journey.

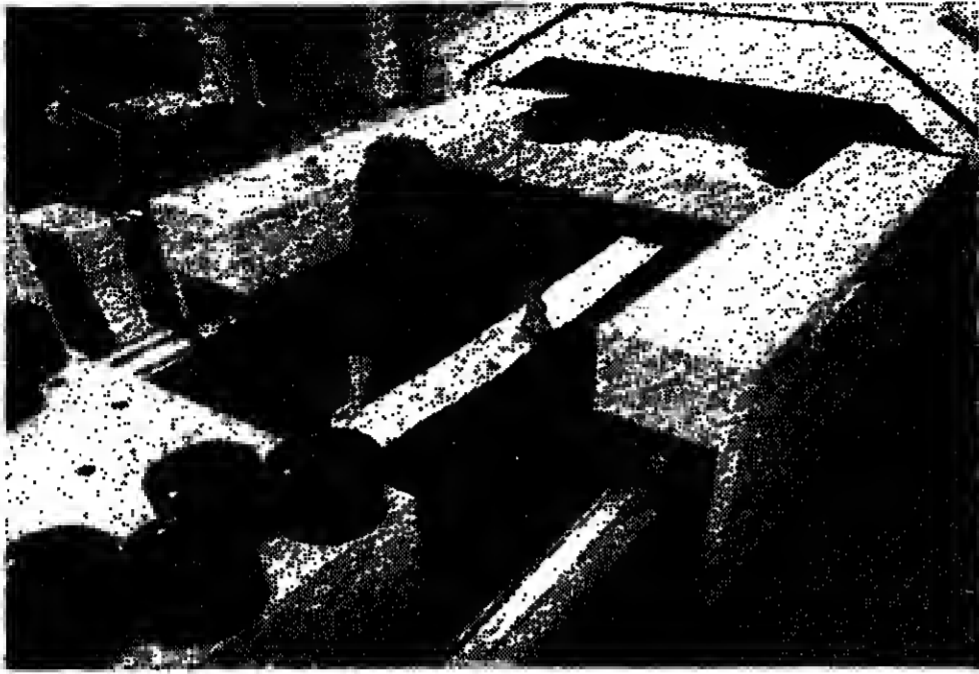
With a sealed balloon, on the other hand, shifts in altitude will be kept to a minimum with the result, so Mr Anderson and

The aviators will break new ground using a sealed balloon filled with helium

Mr Nott hope, that their progress around the globe will be as smooth as possible.

But to keep the helium at a constant pressure requires a particularly strong structure for the balloon's envelope. Mr Anderson and Mr Nott have chosen a skin made of nylon-based cloth around which are tightly wound 64 tapes made from Kevlar, a synthetic material produced by Du Pont.

The tapes, about 4 cm wide, will also support the pressurised gondola in which Mr Anderson and Mr Nott will spend the journey. To test these tapes against the strains that they will encounter in flight is no easy matter. The aviators selected for the job a huge device recently



In an industrial version of tug of war, giant jaws pull a piece of fabric with a force of up to 200 tonnes. The machine, at Leeds University, is used to test large pieces of industrial textiles

installed at Leeds University's industrial textiles department.

The £250,000 machine grabs with two pairs of hydraulically controlled jaws a piece of material that can be up to half a metre wide and 4.5 metres long. It then stretches the material with a force of up to 200 tonnes.

According to Dr David Lloyd, a textile technologist at the university, the machine can test specimens such as conveyor belts, ropes and cables, power transmission belts, geotextiles (for road construction, for example) and large containers made from fabric.

The university commissioned the High Wycombe laboratories of Instron, a U.S.-owned maker of testing equipment, to build the hardware.

According to Dr Lloyd, British companies in industrial textiles and related areas such as the rubber and chemicals industries increasingly need to subject to large stresses large pieces of fabric. But until the advent of the new Leeds device, machinery of the appropriate scale was not available.

The Leeds machine is available for hire at rates of any-

thing up to £8,000 a day for the most sophisticated tests.

Engineers can command the hardware to vary over a set period of time the force with which it pulls the fabric.

The two jaws, each weighing 8 tonnes, can be made to oscillate at up to 10 times a second to simulate the juddering effect that a piece of material might encounter when, for instance, connected to industrial machinery.

In the Leeds hardware, safety measures are highly important. If the material under test for some reason broke, the jaws could be thrown back with a force approaching that of a runaway railway wagon.

So engineers have built into the mechanism buffers filled with compressible polymer that would absorb the shock of impact from the jaws. When in operation, the machine is shrouded by a special guard made from a wood-metal sandwich and which contains bullet-proof windows.

The hydraulic pumps that power the mechanism themselves take up a whole room and require a 250 kW supply

of electricity when operating at full blast.

The new machine is part of a new testing unit at the department of industrial textiles which was completed recently as a result of a £500,000 gift from the Clothworkers' Foundation, a charitable organisation. Responsible for hiring the hardware in the unit is industry in University of Leeds Industrial Services, a company set up by the university to work on commercial applications of academic work.

Another piece of hardware in the new unit, also installed by Instron, is for testing smaller pieces of fabric that are up to 10 cms wide. In this machine, a set of jaws set apart vertically pulls apart the material with a force of up to 25 tonnes.

The Leeds researchers will not have to wait until next year to find out whether their work with the balloon project produces useful results.

The ballooning team plans a test flight, using a prototype envelope based on the structure to feature in the round-the-world trip, which is due to start from Perth, Australia in the autumn.

Controversial issues of film finance

EDITED BY ALAN CANE

ONE OF Britain's leading feature film-makers, Alan Parker, has another talent which he uses every week in the trade magazine *Screen International*—drawing cartoons. Last week's simply showed a toilet roll—with the caption "Government White Paper."

It succinctly sums up the general tenor of film industry response to the just-published White Paper on film policy. "For a Government which has prided itself on introducing measures in industrial policy to stimulate production we find their annual intervention (of £1.5m) . . . insignificant and ultimately derisory" (Association of Independent Producers). "There is much to deplore . . . Britain is the only country with an important film-making industry without solid financial support from the Government" (British Film and Television Producers' Association). "Industry aghast at film finance plans" (*Broadcast* magazine).

Right across the industry, the good words are hard to find. Money appears to be at the heart of the problem—such as the privatisation of the National Film Finance Corporation, which is merely passing back to the private sector an operation it already performs anyway but will perform less in the future with the removal of capital allowances.

The possibility of providing the industry with £55m per year by introducing a levy on videotapes (50p would suffice) is rejected in the White Paper, despite much support for the idea. Such an injection of cash could, in the long term, benefit everyone in an industry which provides video with its most sought-after material—but the supply of which will decline as fewer and bigger films take most of the profit, the range of film activity is restricted, cinemas become shabbier and the greatest art form of the century becomes an American import.

One leading film investment consultant last week predicted that the Government's expectations that free market forces will come to the rescue could soon be proven wrong. The showdown will come, he reckons, in a number of film investment schemes that were in preparation before the Budget. As at least four of these come to the market soon, supported by prestigious City names, he predicts there will be only enough money for one.

But the frustrations of the industry are not entirely about money. Successive governments have tossed white papers and reports around like worthless chain letters—forever pressed to provide some kind of national support and leadership, but always allowing the situation to languish on.

"Films are a mixture of art and commerce. At the extremes are the purely experimental film, which cannot expect an audience of any significant size and the purely commercial film, which has no artistic pretensions. But between these extremes lies the broad territory of film-making. . . In our view it is, therefore, logical and sensible that responsibility for film-

tom line is a detailed proposal for the establishment of a national audio-visual aids centre that could provide information, co-ordination, research facilities, training and various other services—especially for the education sector but its use could extend to the general industrial, scientific and technical communities in Britain. With film, video, cable TV and other forms of television so crucial to information technology, the value of such a centre is obvious.

The snag is that this particular proposal and report was published in 1965, under the chairmanship of Dr Brynmor Jones, and Britain is no nearer to that hope which created so much enthusiasm at the time.

Both entertainment and information sectors should at least take heart from a much more recent government report, which says that if its proposals are adopted "the resulting stimulus to programme and information producers would result in products that had (sic) significant international markets given the high reputation of UK broadcasting and information services."

This was 1982 in the report on cable systems published by the Cabinet Office's Information Technology Panel. The proposals were adopted, with commendable speed. But last month, one of the leading cable TV protagonists—Mr Robin Hill of Merseydale Cablevision—pronounced the state of the cable industry as a disaster, blaming the Government for delays, phasing out of capital allowances, problems with British Telecom, bad handling of the pilot projects.

Yet whoever survives—cable, video, TV, DBS or the cinema—their staple diet will be the moving picture. A product which Britain makes particularly well with an industry that remains in the vanguard of technical developments and applications. But as an industry which is a "mixture of art and commerce," with "organisations whose functions often overlap and whose remit . . . is limited" (there are now over 140 in UK dealing with one or the other aspects of audio-visual media) it seems it is destined to survive only as market forces allow, not as the nation could most benefit.

The criticism comes from another government report—Audio-Visual Aids in Higher Scientific Education. The bot-

Video & Film

BY JOHN CHITTOCK

as-an-industry and film-as-an-art should be centralised in one body."

That was the report of the Prime Minister's working party on the future of the British film industry—the Prime Minister was Mr Harold Wilson, the year 1976, and the recommendation the setting up of a British Film Authority. That particular proposal has ebbed on over the years and indeed has remained as elusive as an echo.

In the climate of information technology, where real progress has been made by Government at a breath-taking pace, at least there should be hope for industrial and educational applications of the media. "Those wanting help and guidance" (in the specialised use of audio-visual media) "have had to rely too often and too implicitly on the information provided by the salesmen. . . We have become increasingly aware of the complicated inter-relationship and of the occasional rivalry between the existing central organisations, whose functions often overlap and whose remit . . . is limited."

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Look at Lovell FOR CONSTRUCTION

Chemical separation

HARWELL has developed a range of chromatographic materials with applications in the biochemical process industries. Uses include large fluid volume process, protein and enzyme recovery, the purification of biological fluids, biocatalysts and the production of chemicals and pharmaceuticals.

The materials will be produced by Sterling Organics under the trade name Macro-sorb. Sterling is aiming at large markets in the food, brewing, chemicals, pharmaceuticals and effluent treatment industries.

Macro-sorb materials are powders with absorbent properties useful to separation of proteins for example, which may be mixed with other substances. More details from Sterling Organics in Dudley, Northumberland on 091-250 0471.

Communications

Ship to shore

THE DEVELOPMENT of an advanced ship to shore automatic high frequency telegraphy system is to be carried out by Marconi Secure Radio Systems, based in Portsmouth. It is under a £3.2m contract from the UK Ministry of Defence.

Deliveries of equipment will begin at the end of 1987. Marconi is to provide two shore based facilities comprising a receiving station with monitoring, control and transmission equipment. Royal Navy ships will use Marconi's KCS3 high frequency radio communications units and the company is developing other equipment for submarine communications.

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Total assets	\$9,031,428
Loans	5,845,774
Deposits	5,749,899
Shareholder's equity	419,988

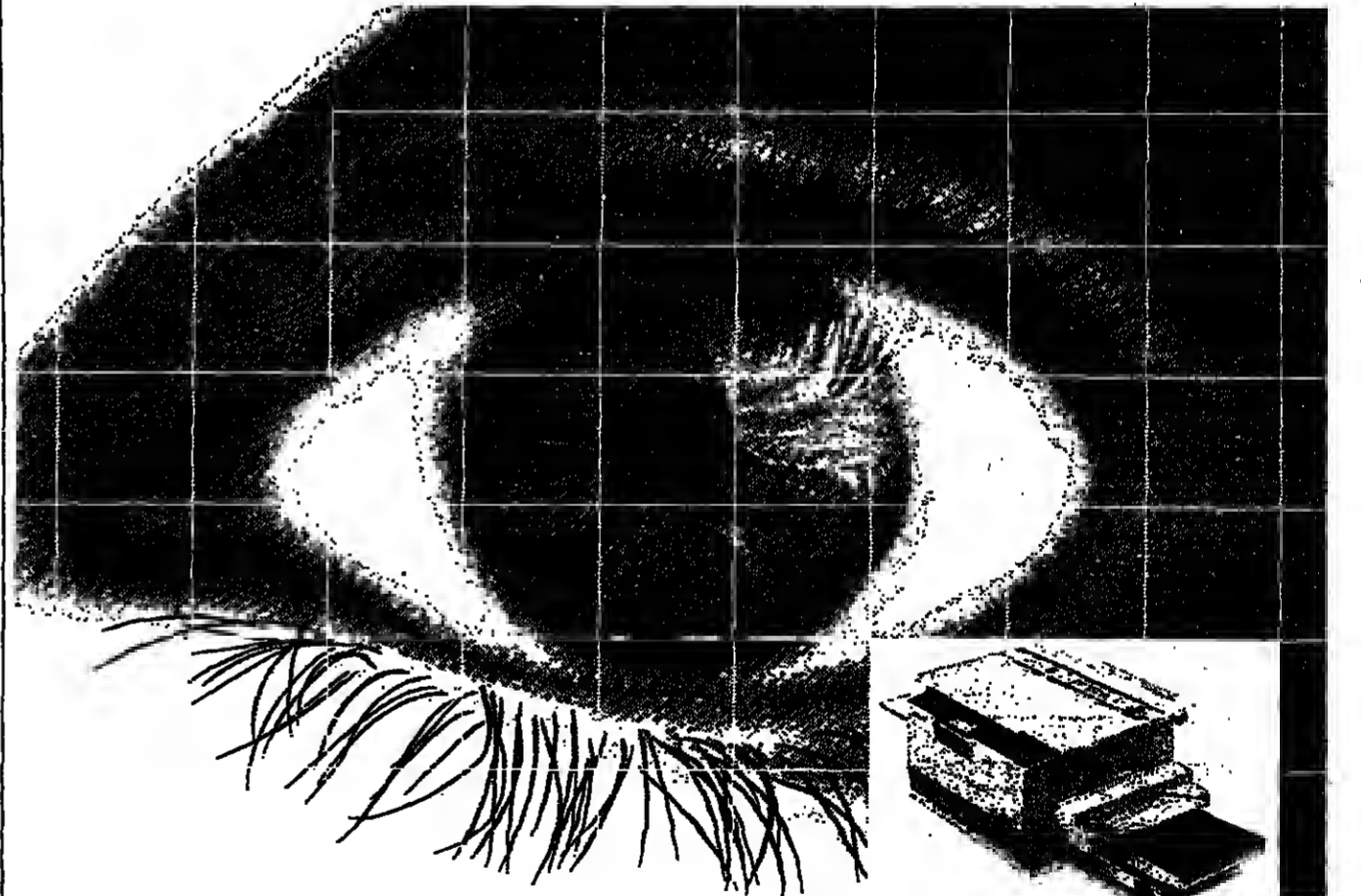
FIRST CITY BANCORPORATION OF TEXAS, INC.	
Financial Position (In Thousands)	
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Total assets	\$16,580,201
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Deposits	12,421,169
Shareholders' equity	977,610



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THE ARTS

The serendipity of specialist design

The first Crafts Council Open exhibition—at the Crafts Council Gallery, 12 Waterloo Place, London SW1 until September 23—is likely to become a biennial event. Another, for musical instruments, is already advertised for 1985.

Crafts Council's claims that it is aiming to attract people from outside the established circuits and thus broaden the Council's role. The Open was advertised in specialist journals and attracted, in the case of the Open section, some 120 entrants and in the other two, bookbinding and clocks, around 50 and 30 respectively.

The entries were whittled down and those chosen for the shortlist visited by a distinguished panel including Alan Muir and Theo Crosby with William Packer (once familiarly of this space) as Chairman. There were, in the end, a dozen furniture makers, nine bookbinders and five clockmakers.

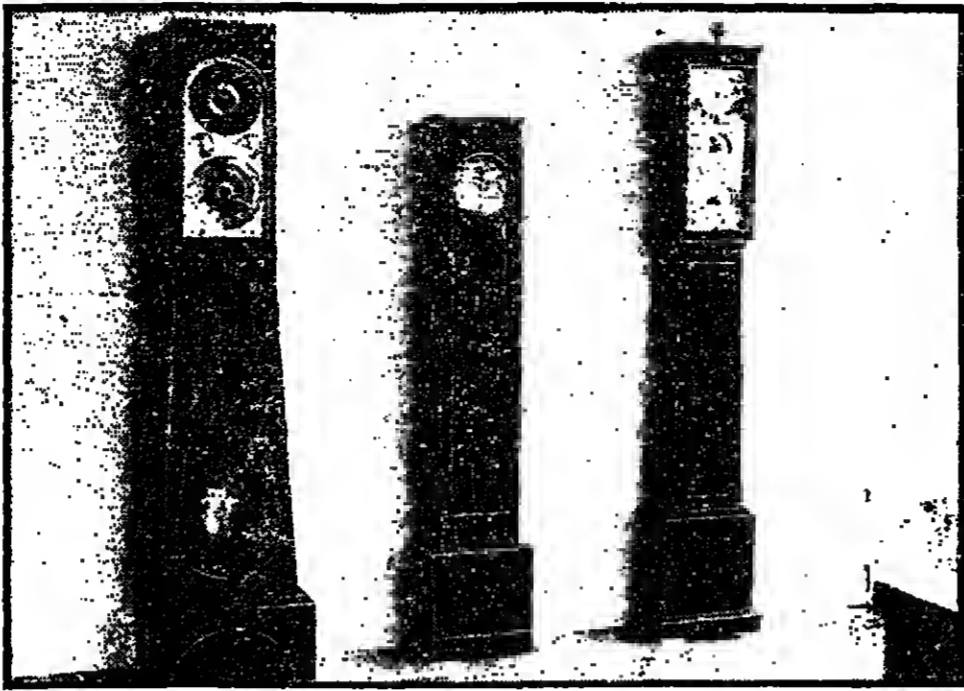
George Daniels, whose career as a watchmaker (as opposed to expert and repairer) only began in 1969, offers a space traveller's watch, in which side-reel, mean solar and solar time are all represented. In this respect, the watch is a tiny gem of a timepiece, a tiny gem of a timepiece, a tiny gem of a timepiece.

For the bookbinders, the work ranges between the simple and attractive rebinding of earlier volumes, such as Jeff Clements's collages of coloured leather, and the seductive three-volume set of Dante's *Inferno*, itself a limited edition illustrated by Tom Phillips, bound by Pella Erskine-Tulloch.

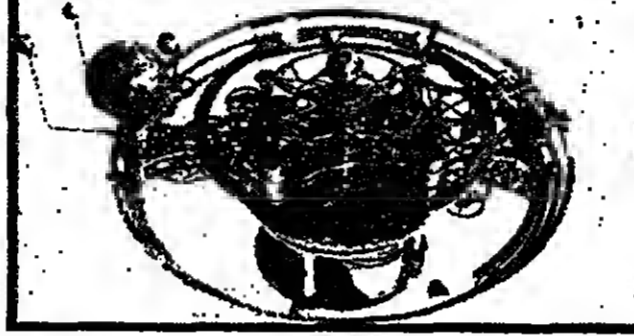
It is in the furniture section that the objectives of the Open seem to falter. A handful of furniture makers is represented in this highly competitive field; yet the emphasis is on the decorative, the fashionable, and the pathetically little on the practical, the replicable. Despite that, there is even a new prize on offer, the Batsford Craft Award specifically aimed this year at furniture which can be produced "in batches".

The chosen pair of winners, Richard Labroze-Bateman and Robert Williams, have both produced chairs—one a folding hanging chair, the other a simple stained wood dining chair. Nothing else in the exhibition could possibly have been eligible—some for good reason. Alan Peters's sumptuous oak table, for instance, in the honourable tradition of the Barnsleys, is quite simply a single masterly piece; others are ephemeral, and quite often, insinuate with that troubling whim-gality which seems to be infecting the arts in general.

Andy the furniture maker, who would appear to have a following on the wider shores of the art world, submitted a work called "Market Stall". Made of "found wood" and costing over £800, despite having been made in a considerable hurry, it was perhaps a



Exhibits from the Crafts Council's Summer Exhibition include (above) three clocks designed by Roland Jarvis and (right) an orrery, a clockwork model of the solar system, designed by Eric Watson.



These thoughts were brought home abruptly by a conversation, half an hour or two later, with Olga Polizzi, Director of Design for Trusthouse Forte. She was lamenting the inability of most British furniture manufacturers to either design or to make the kind of furniture we

Arabella/Glyndebourne

Andrew Clements

John Cox's production of *Arabella* opened at Glyndebourne four weeks ago, when it was described here by Ronald Crichton as "a vintage Glyndebourne evening". The initial performances were conducted by Bernard Haitink, who will return to end the run, but for four performances Stephen Zaenle takes over; the first of these was on Friday last.

Mr Haitink's must be a hard act to follow. But Mr Barlow brings to the score a naturalness of dramatic flow and lyrical line that declares a true Straussian. The orchestral sound was always respectable but not quite ideally smooth, the strings curiously boxy at times; however, voices were neatly always in good equilibrium, save for the three altos, whose brief contributions were often masked by relatively lightweight textures. Mr Barlow plays down the sensuousness of the waltzes, rightly making them a background to which the real business of the ballroom is carried out and thus according well with Mr Cox's careful delineation of the strands of the second

act. *Arabella* is connoisseur's Strauss, a kind of low-calorie Rosenkavalier, in which the melodies are less self-consciously opulent, the humour quieter and more penetrating. The strength of this staging—and that achievement certainly includes Julia Trevelyan Oman's splendidly claustrophobic, blotted sets—is that it marks the distinction between the faded Vienna of this opera and that of its more popular predecessor. What had been grand and voluptuous in *Rosenkavalier* has here become shabby and slightly frantic; it now represents a society that had passed its peak and was on the way down, just as Strauss must have known by the time he came to write *Arabella* in 1929 that the old order had changed and that his own musical world had finally lost touch with reality.

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Berliner Band/Bloomsbury

Dominic Gill

Though it includes Weill and Eisler in its programme, John Hart's seven-piece Berliner Band does not confine itself to Berlin of the 1920s—but offers an exhilarant mix of cabaret music stretching the definition to include a sprinkling of jazz from a number of different styles, countries and periods.

A substantial part of their concert on Friday night—the penultimate event of the Bloomsbury's two-week festival—was to have been cinematic: screenings of René Clair's *Entr'acte* accompanied by an arrangement of its original Saïte film score, and of Fernand Léger's *Le Boléro Mécanique*, accompanied not by George

mezzo made a stylish impression in a group of songs—which included Brecht/Eisler's four littersweet little Hollywood *Élegies*; another of Eisler's most haunting, sonnet, "The Love Marked"; and the evergreen "Je t'aime" which Satie wrote for the Black Cat cabaret. Three pieces by different composers, run together in a single session, featured a splendid solo by the band's new bassist Chris Lawrence. Dave Heath's *Barroque*, distant cousin by arranged marriage of Barok's *Rumanian* dances, was a uneasy hybrid: not so much up-beat folk as blurred reminiscence of Beethoven by Night.

Obituary/Richard Burton

B. A. Young

Richard Burton, who died on Sunday of a cerebral haemorrhage in a Geneva hospital, was a film star for 30 years, following a meteoric stage career which marked him out as the new young lion on the trail of Gielgud, Olivier and Richardson.

In a television profile last year he confessed to having wasted his talents in a series of dreadful films, but he was busy to the last. He appeared on Broadway last year with Elizabeth Taylor, whom he twice married and twice divorced, in *Private Lives*. He had lately completed filming on George Orwell's 1984, due to be released later this year.

He was born in Pontrhydfen, South Wales, in 1925 and was much influenced by (and loyal to) his background in the valleys. His father was a miner and he was the 12th of 13 children. He went to Oxford University, where he appeared with the OUDs and soon revealed that natural talent for verse-speaking which made him as accomplished an interpreter of Shakespeare as of Christopher Fry.

Remembering that delightful start in *The Lady's Not for Burning* and his memorable work in the Old Vic in the 1950s, it is hard not to rate Richard Burton's career as a disappointment. He finished his National Service in the RAF in 1947, 22 years old, and within two years was an established star as Richard in Christopher Fry's play. He continued to play in verse plays for a while until the Old Vic promoted him to better-class verse as Hamlet at the Edinburgh Festival in 1958.

For the rest of the season, in *King John*, *Twelfth Night*, *Coriolanus* and *The Tempest*, varying romantic leads with parts like Sir Toby Belch and Caliban. He returned the following year for *Henry V* and the next year to alternate Iago and Othello with John Neville.

From that time on he was lost to the English stage. In 1961 he won the New York Drama Critics Award as Arthur in *Comedies*; in 1964 he gave Hamlet under Sir John Gielgud. Only once again did he play in



Richard Burton: a great but reckless talent

Nicholas Sackman/ICA

Dominic Gill

It's refreshing every now and then to be reminded that there are still a number of composers under 40 who are disciples neither of the Neo-Romantic movement nor of the School of Additive Obsession—who neither believe that they are reincarnations of Schumann, nor propose to hide their music, such as it is (and there's the rub), in a blistering hurricane of notes and complex rhythms, ever more obscurantist, ever more self-defeating.

The Music/ICA series devoted a whole programme on Sunday night to the music of Nicholas Sackman: an interesting and original composer (b 1950), living in London, whose work owes little to any of the fashionable schools, and who, if never exactly ignored, has never been more than sparingly acknowledged.

Sackman was a pupil of Alexander Goehr—from whom he may have absorbed more fully than his teacher's attentiveness to precise aural detail, and something also of his methodical, academic dryness. Ensembles and Codazzi of 1972 for solo cello and five instruments, even in its newly revised form, still sounds a tentative, self-conscious essay, devised with an unusually sensitive ear,

but studentish in its preoccupations.

The rest of the Sackman programme, however, was more recent—and much more characterful, more secure in its stance. I specially liked *And the World—A Wonder Working*, which uses a poem by Bill MacCormick, gently unfolded by solo mezzo soprano, as its catalyst for eight instruments written in 1981, not specifically a setting, but a mirrored focus of the words, which achieves by sleight of hand in 11 minutes what many composers achieve in half an hour's dramatic bludgeoning.

Holism, for solo viola and cello, 12 minutes long, also had peculiar, poignant authority—a simple idea executed with lively imagination, and above all with a keen sense of apt oppositions and combinations. Sackman's piano sonata was composed earlier this year: severe than any of the three preceding works, its contours (especially rhythmic) are sharply etched, its contrasts stark. It uses just one or two sorts of piano figuration even too relentlessly; but the textures were never rigid, and the Peter Lawson's performance was direction always perfectly clear, exemplary—as was the playing of the instrumental ensemble: *Lontano* under Odaline de la Martinez.

Early music in Flanders

London is Europe's year-round capital of Early Music, but for an annual festival concentration there could be no more suitable city than Brussels—Bruges, to give this city its more ridiculous than the slight of a performer clutching his first score with one hand while making flapping gestures of supposed emotion with the other.

One singer alone redeemed his role triumphantly. Mark Tucker not only sang Orpheus's part from memory, mastering the intricate coloratura of "Possente spirito" with the utmost naturalness, but used his ambient space with the command of a dancer and with a full repertoire of mimetic gesture.

I wished for Mark Tucker's presence a few days later, when his finely controlled impetuosity might have lent fire to a rather sober performance of Monteverdi's *Vespers* under Stephen Cleobury. The choir of King's College, Cambridge, was admirable and adaptable, enabling Mr Cleobury to make smoothly convincing transitions between those parts in chanted, speech-like rhythm and those in regular metre.

But most of the solo singers attacked Monteverdi's extravagantly florid vocal lines with true British (or American) grit and not much else. Excitement, admiration and daring contrasted with the very qualities which should animate these so-called *Vespers*—were largely missing, and the instrumental contribution of the (German) Collegium

encouraged to advance or retreat on the platform according to the entrance and exit of their characters. But most had not taken time to memorise their parts and I saw few things more ridiculous than the slight of a performer clutching his first score with one hand while making flapping gestures of supposed emotion with the other.

Indeed, if authenticity is the central issue in Early Music, then it was thrown teasingly open by a dazzling Dutch group of recorder-players, the Amsterdam Loeki Stardust Quartet. Attractively dead-pan to uniform appearance, they have every conceivable accomplishment of dexterity, expression and ensemble. But when they apply their art indiscriminately over the spectrum of Renaissance and Baroque, even taking the characteristic string textures of a Vivaldi concerto, and when they use giant bass instruments with modern keyboard, then the result can at times be as anachronistic as when the young Larry Adler used to delight his audiences with Bach on the mouth-organ.

At St Gillis Church, a chamber ensemble called the London Baroque turned out to number only five players, with which (and without viola) it was an impressive feat to essay a concerto by Corelli. Pleasant as it was to hear some finely artistic solo playing from Charles Medlam (cello) and John Toll (harpisobord), I suspect this ensemble's rather free appropriation of pieces written for larger ensembles, and their programme-book of the Flanders Festival, though copiously supplying opera texts and performers' biographies, is disturbingly short in supplying a genuine authentication of the music.

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FT writers select their personal Top Ten Magic nights illuminated by the stars

Magic nights illuminated by the stars

THE FT TOP TEN TOP OPERAS
Strauss: Elektra, 1969
Gluck: Alceste, 1961
Wagner: The Mastersingers, 1968
Wagner: Tristan and Isolde, 1978
Mozart: Don Giovanni, 1982
Britten: A Midsummer Night's Dream, 1981
Janacek: From the House of the Dead, 1982
Berlioz: Les Troyens, 1968
Birtwistle: The PUNCH and Judy, 1983
Sallinen: The Red Line, 1978



Janet Baker and Robert Tear in Alceste

triumphs of the team of Hall, Haitink and designer John Bury, perhaps Britten's *Midsummer Night's Dream* in 1981 has been the pick - funny, fantastical, and quintessentially English. Some of my most thrilling opera nights have happened when a work previously deemed "difficult" is proved triumphantly otherwise. The Janacek case was already proved before the Welsh National tackled *House of the Dead* in 1982 - but never more powerfully. Similarly with *The Trojans* and Colin Davis: his passionate enthusiasm - felt most strongly I think, in a 1968 Promenade Concert - crushed the last bastions of Berlioz resistance. Birtwistle's *Punch and Judy*, in last year's production by Opera Factory London, was made to emerge as a key work of the postwar decades. Blazing conviction at the 1978 Helsinki premiere of Sallinen's *Red Line* - a milestone in the extraordinary Finnish opera renaissance - worked a comparable feat. Tomorrow: The ten best golf courses

Arts Guide

WEST GERMANY
Bayreuth: Bayreuth's festival until August 28. This week of performances starts with Götz Friedrich's production of Parsifal. It has Peter Hofmann in the title role and Waltraud Meier as Kundry. The Flying Dutchman is a Harry Kupfer revival, conducted by Wolfgang Neuss, and has last year's highly acclaimed Simon Estes in the title role. Wolfgang Wagner's production of Die Meistersinger von Nürnberg features Wagner specialist Bernd Weikl as Sachs, Manfred Senkel as Pogner and Hermann Frey as Beckmesser. Musical Director is Horst Stein.
Salzburg Festival
Memoriam: James Levine conducts the Vienna Philharmonic and the Vienna State Opera Choir with Luciano Pavarotti at the Riding School Concert Hall (Thu).

Arts Guide

NEW YORK
New York City Opera (New York State Theater): The company's 40th season continues with The Barber of Seville, conducted by Christopher Keene, directed by Toby Robertson, with Judith Forst as Rosina and Frederick Burchinal as Figaro, and La Bohème, conducted by Inze Pato, with Maryanne Telesse as Musetta and Richard Leech as Rodolfo. Carmen, The Magic Flute and Madame Butterfly will also be performed. Lincoln Center (870 5970).

Arts Guide

VIENNA
Die Fledermaus conducted by Rudolf Bihl at the Staatsoper (Wed). (33 24/28 55).

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FINANCIAL TIMES

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Tuesday August 7 1984

Patching up world debt

AUGUST has always been a busy month when it comes to Latin American debt problems. Two years ago Mexico was at centre stage; last year it was Brazil; and now the international banking community is grappling with problems on several fronts at once.

Yesterday Mexico began a new round of intensive negotiations with its international bank creditors on a deal to reschedule \$18bn of debt falling due in the second half of this decade. Today Sr Bernardo Grijnsun, Argentina's Economy Minister, is due to fly to Washington for fresh talks with the International Monetary Fund. Tomorrow Venezuela's bankers are to present their counter-proposal to the \$22bn rescheduling plan submitted two weeks ago by Sr Manuel Azpurua, Finance Minister.

All these talks are taking place in a mood of optimism that contrasts strangely with the gloom prevailing as interest rates rise this spring and early summer but the progress being made could easily turn out to be deceptive. Despite the fanfares with which new techniques of rescheduling are being launched precious little has happened to give grounds for confidence about the long term.

Vindication

In the short run much good could come of the talks underway. If they were to lead to a new Mexican deal and to a reconciliation between Argentina and the IMF there would be little chance of a major confrontation between creditors and debtors at next month's IMF annual meeting. The "can't pay won't pay" protests that threatened in June would simply melt away.

Indeed it would be surprising if the Federal Reserve and other monetary authorities are not actively encouraging commercial banks to produce some good news on the debt front before the London summit. Anything else it would be a vindication of the case-by-case approach adopted by the London summit in June. An IMF agreement with Argentina would be an even bolder sign of only Western policy of isolating Argentina from other creditors have been successful in averting the formation of a debtors' cartel, the prospect of being permanently cut off from fresh credit would also be seen to have forced one of the most recalcitrant debtors back into the fold.

Here, unfortunately, the good

news stops. The mere fact that talks are in progress does not guarantee a successful outcome. Argentina and the IMF still appear to have a long way to go before a deal on economic stabilisation programme is reached. More important still is the fact that smaller banks are displaying great caution towards the proposals presented by Mexico.

One of the main sticking points is Mexico's request that agreements concluded since its debt crisis broke in 1982 be reopened and renegotiated at lower interest rates. But there is also a widespread reluctance among banks to commit themselves to a rescheduling that stretches out to the end of the century. In Venezuela's case, too, creditors have expressed a preference for a conventional arrangement that would bring some principal at rates that are not truly concessional.

Rescheduling

Thus a lot of work still has to be done before the principles of multi-year rescheduling of low interest margins gains universal acceptance. Even some large banks familiar with Mexico and the general background to Latin America's problems balked initially at the demands of Sr Jesus Silva Herzog, Finance Minister, when they were finally laid on the table. In short the prescription for tackling the debt problem produced by Western Governments after the London summit could still turn out to have been made too lightly.

Moreover, there are plenty of reasons why banks should now be wary of long-term arrangements. Real interest rates remain very high and nothing has been done so far to alleviate this cost for the debtors. So far they have survived by cutting imports to the bone and boosting exports, mainly to the United States. Markets have been opened up by the boom in oil prices.

What will happen next year if the U.S. economy slows and yet interest rates remain high? Real interest rates would disfigure the fact that the debt problem is intractable. In that situation an easy run for the creditors at this year's IMF meeting would appear a hollow promise to relax. A deal should not be used to dismiss once and for all the notion that western governments may one day have to put some money on the table.

A regulator for British Telecom

It would be an understatement to remark that Professor Bryan Carsberg faces a daunting task as the first director general of Britain's telecommunications (Ofel). Following its planned privatisation in the late autumn, British Telecom (BT) will become Britain's biggest private sector monopoly. With slender resources—a staff of 50 and a budget of under £3m—Prof Carsberg is expected to keep this colossus under control, stimulate competition and protect consumers.

As he assumed his new responsibilities yesterday—fresh from the London School of Economics—Prof Carsberg was making encouraging noises. He intends to be even handed, and impartial, he will not passively wait for problems to emerge but will strive to be an active troubleshooter, and he recognises that competition, rather than regulation, will provide the most effective protection for consumers. Good decisions, he argues, tend to follow an open debate, so public discussion of contentious issues will be encouraged.

Amendments

These are fine objectives and if carried through effectively will doubtless assist the development of an efficient and competitive telecommunications industry. In the short term, however, Prof Carsberg's task is more prosaic. If Ofel is to command genuine respect it must establish its independence from both Whitehall and BT. This will not be easy. Prof Carsberg says he will not be inhibited as a regulator by the looming privatisation of BT. In view of the Government's lukewarm response to the Civil Aviation Authority's plan to trim back British Airways ahead of its flotation, this assurance must be taken with a pinch of salt.

If the need to keep the City happy tightly circumscribes Ofel's ability to regulate BT prior to privatisation, will things change much after the flotation? On paper they should: Ofel's director enjoys unprecedented scope as a private sector regulator. BT's licence is not set in stone, and

it will be Prof Carsberg, rather than the Secretary of State, who will be responsible for proposing and forcing through amendments to it.

Aspirations

The political problem for Ofel will be the scope of BT to lobby MPs and ministers directly who might then lean on the director general. If the constraints that restrict Ofel rise a maximum of three percentage points less than the rise in the retail price index proved onerous, for example, Prof Carsberg would have to brave pressure to relax. A desirable relationship with BT will be a necessary for Ofel since, in the short term at least, BT will be its prime source of information and expertise on telecommunications. Prof Carsberg intends to gather information as fast as possible but until Ofel has established itself as an independent centre of expertise, its credibility as a regulator will be fragile.

Much has been written on the phenomenon of "regulatory capture"—the insidious process whereby a regulator or sponsoring department gradually takes on the aspirations of those it is meant to supervise. This fate will be hard for Ofel to avoid so long as effective competition for BT remains minimal: there is very little prospect of serious competition in local residential telephone services and only a slim chance that Mercury Communications (the competitor created by the Government) will prove more than a very minor irritant for BT in the provision of trunk services.

A strong, independent performance by Prof Carsberg as the first director of Ofel would do more than enhance the development of Britain's telecommunications industry. It would underline the sense of trying to take nationalised corporations out of the political sphere and it would illustrate the value of having off regulatory functions from government departments. If Ofel succeeds, the case for an agency consumer along similar lines to regulate the City of London would be substantially strengthened.

AT A LITTLE after 11 am last Friday, some extraordinary news came trickling out of the topes from Wall Street. Share volume on the New York Stock Exchange, it said, had reached almost 70m in the first hour of trading.

In the event, the figure turned out to be a slight underestimate—but it was immediately obvious that Wall Street was in for one of its wilder days.

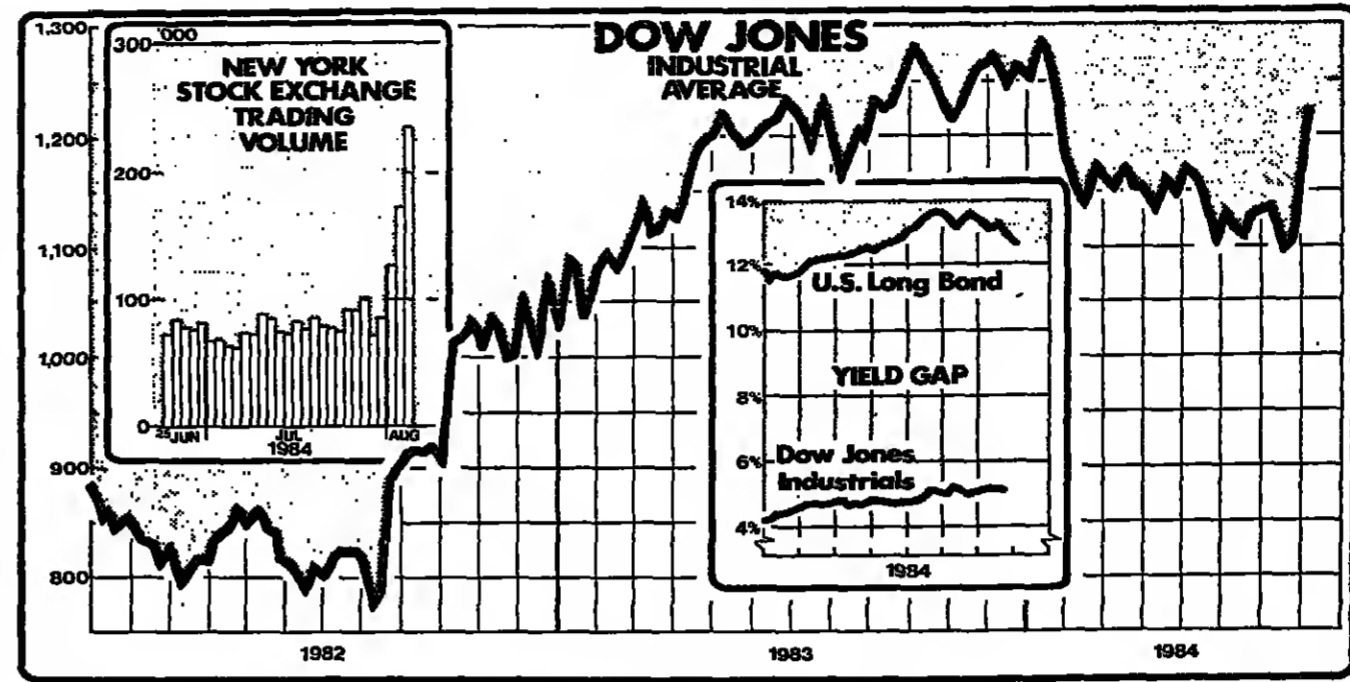
And wild it really proved to be. By the end of dealing, concluded with an exuberant touch of Wall Street boopliah when Mr John Phelan, chairman of the exchange, personally descended to ring the traditional closing bell, the 193-year-old trading floor had broken nearly every record in the book. "You had to be down in the pits to see what it was like," said one breathless, weary and weather-beaten dealer afterwards.

For the last few months, daily dealing volume on the NYSE has been around the 70m shares reached in the first hour. The record until this week stood at 160m, achieved back in January. On Thursday that target was shattered comprehensively as the frenetic dealing atmosphere pushed volume through the 170m mark—and on Friday, traders looked on in bewilderment as it went rocketing on up to 238.5m shares. "To say that we shattered the old record is just an understatement," one of them remarked.

The Dow Jones Industrial Average, the most widely followed index of 30 blue chip stocks, had also jumped by the highest daily amount since November 1982—36 points against the previous 36.43. In addition, the 52 point net rise on the week, including a 4 point fall on Monday, had exceeded the previous record weekly increase back at the beginning of the Reagan bull market by about 6 points.

Last changes of direction in the equity market, it happened abruptly. Since mid-March the DJIA has meandered fairly aimlessly, mainly trading up and down between 1,110 and 1,155. The index peaked at 1,287 last November, then held on into January, when the 160m share trading day almost pushed it back over the top. It bottomed at 1,086.57 only two weeks ago, when many analysts were expecting it to plunge still further.

Significantly, that low point was touched on July 24, the day before Mr Paul Volcker, the courtly, cigar-smoking chairman of the Federal Reserve Board, testified in the Senate Banking Committee meeting in Washington to give his six-month report on monetary policy. As always, there were no fireworks in Mr Volcker's delivery. But Wall Street found plenty of cracks in the executive's testimony. Analysts homed in particularly on two points—his statement that the Fed had decided not to tighten monetary policy at its last meeting; and



Graham Lovar

his cautious assessment that growth was slackening and inflation remaining subdued—points which then received some timely endorsement in a favourable set of economic statistics early last week.

It was Mr Volcker who, back in 1982, picked the capital markets up by the scruff of their necks and pushed them off on their last rally by relaxing his grip on monetary policy. It was also Mr Volcker who did just the opposite a few years earlier by slamming on the monetary brakes and pushing the Carter Administration into a period of lowering interest rates, gathering recession and electoral defeat. "My view," quipped one analyst, "is that Mr Volcker did not want to go down in history as the man who lost the election for two incumbent Presidents."

That may have been a joke but it does now look as though Mr Volcker has at least provided the framework for a summer rally, if nothing more. Before he spoke, the equity market was finding it difficult to shift a mood of prevailing gloom over the galloping pace of the economy.

These pre-occupations surfaced in the first quarter of this year. Many economists had been predicting the economy might be heading back down the hill. Instead, by early March, it was clear that the expansion was still roaring ahead.

As the Government steadily revised its figures upwards, something near panic hit the bond market in May. Wall Street had been quite happy with real expansion of well over 3.3 per cent in the first half of recovery; in the second, as GNP jumped to an annual rate of 10.1 per cent in the first quarter and was revised up to 7.5 per cent in the next, analysts could see only a pattern of rising interest rates.

By the end of May the bellwether 30-year Treasury long bond was yielding 13.94—up by two percentage points since the beginning of the year—reflecting both a tidal wave of credit demands and fears of a resurgence of inflation out in the second half of this year.

The gathering gloom in the debt markets was not helped by warnings from Mr Volcker in February over the danger of the big budget deficits. His view that the borrowing pressures caused by the Government's

bike in short and long term rates, and even with the fall in the stock market, the yield gap between bonds and equities has been steadily widening in favour of bonds all summer.

About six weeks ago, however, the bond market seemed to perk, reorient, and start to stage a modest rally. Yields came off the top as the Government long bond slid to around 13.15 per cent by the time Mr Volcker sat down in front of the Senate committee. The reason for this change, it is generally

put upward pressure on prices. Other economists contend that inflation, which was running in the first half of the year at a 4.1 per cent annual rate, could not reasonably have been expected to revive until later into the recovery cycle. Much of the present flatness in prices, they argue, is due to the strength of the dollar, either because it reduces the price of commodities, or because it encourages imports and keeps domestic manufacturers in the firing line.

But in the meantime, it has come as a surprise to see some prices, such as aluminium and steel, softening or even declining at a period of such rapid expansion. Nor is there any sign of a wages explosion so far, despite unemployment rates of only about 5 per cent in some parts of the country.

At a time of such subdued inflation, it is virtually unprecedented for interest rates to be so high. The real rate or return on long-term money, after adjusting for inflation, has risen to almost 10 per cent by the middle of this year.

The explanations for this phenomenon are varied, ranging from the need to attract savings to fund the Government deficit, to the U.S. tolerance of high nominal rates because of tax concessions on interest payments. But it puts the stock market in an odd position historically. Normally, at this stage in the cycle, with inflation so low, investors would be willing to pay high multiples of earnings for stocks because they would not expect to see their value eroded very rapidly by the inflationary process.

This time round, as Mr Michael Metz, research director at the Oppenheimer securities house puts it, the competition from high real yields has simply put a lid on the stock market. Consequently, the price-earnings

ratio on the broad-based Standard and Poor's 500 index stands at only around 9 (even after last week's buying frenzy), based on consensus Wall Street profits forecasts for this year; yet in previous periods of low inflation it would have been up at 15 or even more.

Mr Metz is one of the bullish school of forecasters who believe that the easing of long term rates in the last few weeks, combined with Mr Volcker's comments, last week's favourable economic statistics, and the high liquidity of investors, could all push the Dow up to a new high of around 1300 during the course of this year. He points to the reduction of equity stock due to the wave of buy-outs and takeovers this year, and the cash this has put in the hands of investors, as powerful engines for the market over the next few months.

But like many there, he does not see the Dow breaking out into a big new bull phase until the entire interest rate structure is ratcheted down—and very few market technicians believe that will be possible until the Presidential election is over and tough decisions made on tax and the deficit.

As it is, the election seems to be having a relatively neutral effect on the market at present. Two months ago the conventional wisdom was that a strong showing in the polls by Mr Walter Mondale, the Democratic Presidential candidate, would be bad for Wall St and the dollar. Yet the current rally is taking place despite a better poll performance by the Mondale-Ferraro team and diminishing certainty about a Reagan victory.

For the time being, at least, the key to Wall St's performance seems to be in the credit market rather than politics—and dealers see no clear way ahead to a generalised decline in rates at present. Although long term yields have moved down markedly, short term rates have showed no inclination to follow the same trend. Indeed, in recent weeks they have been moving upwards, and even gained slightly last week, with the Fed appearing determined to hold the key Federal Funds rate at over 11 per cent. Private credit demands remain high, and alongside that, the Federal Government's appetite for funds is showing few signs of being satiated.

At the same time, Mr Volcker, like the skilful central banker he is, appears to have deliberately left the door open to tighter monetary policy if he thinks it necessary. He has made it clear that he remains wary about inflation, and equally cautious about the troubles the dollar might run into if the Fed started to loosen the monetary reins.

In this context the credit markets face a big test this week, when the Treasury begins \$16.75bn worth of auctions. If this goes well, it can only be good news for the equity market.

At a time of such subdued inflation, it is virtually unprecedented for interest rates to be so high

Just Goodfriend's

The power struggle which appeared to be taking place between David Tendler, chief executive of Phibro, the world's largest publicly owned commodity trader and John Gutfreund, the former managing partner of Salomon Brothers, finally seems to have come to a head.

It was no secret that when Phibro acquired Salomon Brothers, the blue chip Wall Street investment bank in 1981 for over \$500m there was no love lost between the executives and a clash was widely predicted.

So yesterday's announcement that John Gutfreund, 55, and pronounced Goodfriend, was to take over as sole chief executive took little by surprise. One of the main reasons for the move was the fact that Gutfreund was the most fascinating public relations consultant.

Clearly Phibro has lost the upper hand.

For the first two years after the merger David Tendler, 46, was chief executive and shared the post of co-chairman with Gutfreund. Last September Gutfreund was promoted to co-chief executive and a new corporate holding company was set up with a separate headquarters.

Phibro-Salomon said the new structure would "preserve the basic operating autonomy that is essential to the success of both Phibro Brothers and Salomon Brothers."

Tendler's position has been weakened by the poor profitability of Phibro Brothers since the merger. Over the last year there had been a 20 per cent drop in the Salomon Brothers corner. Salomon had been making the bulk of the profits while appearing to occupy a junior position in the post merger corporate management.

Last year Salomon made pre-tax profits of \$415m compared with Phibro Brothers \$280m.

Earlier this year, Tendler attempted to spin off the group's non-oil commodity trading business, the original Phibro Brothers operation. The reasons for the failure of Tendler's plan are not clear but

there have been suggestions that without the group's oil trading activity he could not attract sufficient financing.

Tendler will continue to serve as co-chairman and will be on the board of the group's executive committee. He will also be chairman and chief executive of Phibro Brothers where he will concentrate his time.

Gutfreund was saying little yesterday about the sorts of changes he has in mind for the group which has operated as two distinct entities with separate headquarters and even separate public relations consultants.

Does the dollar rise every time the Americans win another gold medal?

Men and Matters

of the country's potato fields. Chartered aircraft, using high-powered cameras, are taking photographs of just about every farmer's patch of Maris Piper.

The results are plotted on maps—and the board can then identify any unlicensed commercial crops or any licensed grower exceeding his quota of the target area it sets each year.

The board's disciplinary committee, which is empowered to impose heavy fines on illegal growers, last year dealt with 133 cases of alleged false statements of area planted.

It still sends out "chaps with little measuring wheels" to check the size of some potato fields but over the last 10 years it has relied increasingly on aerial surveys.

Though some farmers complain about the "eye in the sky," the board says the majority is only too happy to ensure that the industry is guarded against disruption and maintains the orderly progress which since 1955 has seen a reduction in the number of growers from nearly 87,000 to less than 27,000, a reduction in planted area from 306,000 hectares to 183,000, but a virtually unchanged yield of 5.5m tonnes.

The board is coy about the cost of its aerial photography but says it "would hardly compare with the cost of getting rid of continual surpluses of spuds."

Line of action

"Convergent technologies" is a phrase we are going to bear in mind, especially if Sir Kenneth Corfield has anything to do with it.

As chairman of Standard Telephones and Cables, he is using the slogan to highlight his take-over campaign for computer-maker ICL.

STC says it was making a film entitled "Convergence"

before its surprise bid for ICL was launched last month. But, as it happens, the film will be out in time for today's ICL board meeting.

The film, hardly surprisingly, traces the development of telephone equipment and of computers, and attempts to show that the application of the technology of computers to telephones, or perhaps vice versa, makes each less cumbersome—and, to coin a word, convergent.

One day, the film says, we will all have a computer. We will want to use it for the same purpose as the phone—talking to each other, sorting out problems, and so on.

Just to be the film's point an extra kick, Sir Kenneth said after a showing that computers will soon be able to receive voice commands. This is an area of technology where STC and ICL could obviously cooperate and benefit.

ICL is not mentioned in the film, but no doubt STC is hoping the computer company will take a little time out to view the opus before the board meeting.

Inn-siders

No beery confessions, no whiskied whisperings from ICL's group credit centre in Northwich, Cheshire.

Successfully arguing that an in-house pub would reduce the possibility of careless talk in local public bars, ICL has won a drinks licence for its Northwich outpost.

Cheshire solicitor Jane Brazier, appearing for the company before Northwich licensing magistrates, also suggested that an in-house pub would enable management to keep an eye on how much liquor was consumed by staff.

A sober but sleepish ICL press officer stressed later that Brazier was only speaking hypothetically and had not been suggesting that "there was careless talk by any of our staff at this particular department."

But watch out for those blabber-mouths at Billingham? Observer

THE BANKER IN SEPTEMBER

The September issue of The Banker will contain a report on the issues under discussion at the annual IMF/World Bank meeting in Washington at the end of September.

It will also contain a report on the Italian banking scene.

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Letters to the Editor

Beautifully circular and valid

From Mr A. Mills. Sir, I write to congratulate Michael Prowse on his article on inflation accounting (August 3).

practical sense, to deal with the distortion of historic cost accounts by inflation. The result of a re-valuation of shareholders' funds, if allowed as a tax deduction, which it should be since it is unfair to have a tax on inflation, would be a most powerful device to deter Governments from allowing inflation to go up. In fact, they would have a very definite incentive to keep inflation down and as a result current cost accounts would be irrelevant anyway.

Johnny-heads-in-air in water

From Mr R. Morton. Sir, Your timely leading article (August 3) makes important points about investment in renewal of water mains to eliminate leakage (commonly put at 25 per cent of all water used) and mini-grid systems for transferring water between regions. A further crucial question is why these problems, which have been known for so long, are not being tackled.

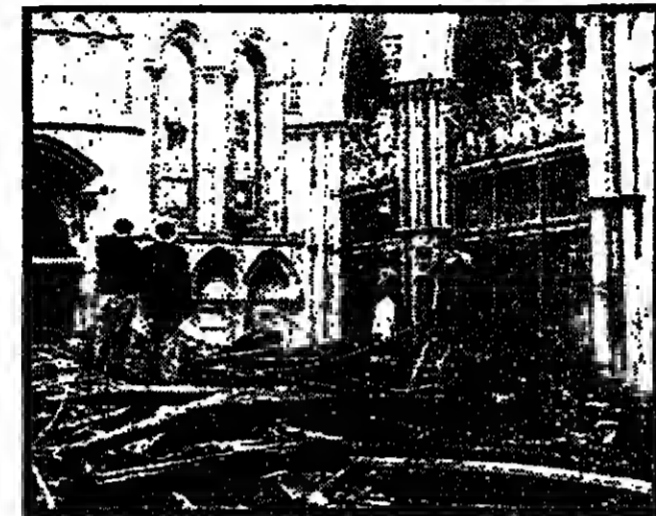
illustrated with a certain irony in the recent collapse of the dam at Carsington reservoir in Derbyshire, a ludicrously expensive pumped storage scheme. It need never have been built had the Severn-Trent Water Authority been prepared to buy surplus water available from the Anglian Water Authority's Rutland Water, involving only a 15-mile pipeline to take it to Leicester, and had put their warts into the development of water resources available by digging wells in the Nottinghamshire sandstone, another scheme which is uninteresting as an engineering point of view. Now, at Carsington, engineering on the grand scale has failed and the completion of the scheme, if it proves to be possible or desirable, will have cost at least three times the original estimate as well as, to date, four lives.

Develop regional air services

From the Managing Director, Air UK, and the Chairman and Managing Director, British Midland Airways.

Sir, The chief executive of Manchester International Airport states (August 2) that "only by maintaining a strong base network at Manchester will British Airways find the network synergy to develop international services."

the MIAA points out that since 1978 the number of destinations served by BA from Manchester has dropped from 17 to 10, while the number of foreign airlines has gone up from 11 to 17 over the same period.



York Minster after the fire

The fact is that so far as British carriers are concerned BA has had a monopoly of the international services out of Manchester since the war. Despite this advantage, BA has been slow to develop such services, and in a submission to the Civil Aviation Authority early this year Manchester International Airport Authority stated that "the operating pattern of BA has led to increased concentration on its London hub."

The way to develop regional services most rapidly is to transfer responsibility for them from BA to other airlines who do not have the same conflict of interest, as the CAA has proposed.

Conserving the heritage

From Mr A. Dean.

Sir, Roy Strong's unkind remarks (July 26) about the efforts of Manchester's Art Gallery to raise the money to retain Duclo's Crucifixion in Britain should not go unchallenged.

Since there are problems about the maintenance of buildings housing our works of art perhaps he should be putting more effort into raising money to correct these deficiencies. This should preferably not be at the expense of those who are putting their backs into saving works of art for the nation.

Competition in the professions

From Mr A. Wilson.

Sir, Sue Cameron's article, "Competition barriers begin to crumble" (July 31), provides an accurate overview of the situation within the professions. It does not, however, emphasise the enormous confusion which now exists concerning both what can and cannot be done. The new liberalisation is at best a grudging nod towards relaxation of the constraints which have been applied in the past.

marketing tools which will be not only more cost-effective but will avoid the "culture clash" between self-perception of the professions and the commercialism they claim to abhor. There was an American survey in 1980 which purported to show that for each dollar spent on advertising by lawyers some \$72 in fees was generated. Advertising and market research experts would query both the claims and the techniques which managed to separate out the effect of media advertising from other activities.

Death of a great tradition

From the Deputy President, Workers' Educational Association.

Sir, The article by Kenneth Lawson and Michael Stephens (August 1) on "The slow death of a great tradition" (in UK adult education) speaks with feeling of the materialistic values and blindered approach of the Government to the funding of the liberal adult education provided by "responsible bodies" (mainly the extramural departments of universities and districts of the Workers' Educational Association).

posses to fight on for the survival of a mode of education which concentrates upon the "great issues of life," which welcomes all adults whose sole qualifications are willingness to learn and ability to stay the course, and which provides a common territory where people of every shade of opinion may meet and give a hearing to all views sincerely held and seriously argued instead of hiving off into groups of the like-minded to arrange their prejudices.

One of the great problems is that the professions, like manufacturing industry before them, do not understand the difference between marketing (or to give it its cosmetic appellation "practices development") and advertising, PR and promotion. All are used indiscriminately and interchangeably. A great deal of money will be wasted until the distinction is made clear. There is little evidence to show that media advertising is the best way of spending very limited budgets but there is ample reason to believe that there are other

Before too many people project into the American experience into the UK environment, however, it must be remembered that the American legal system encourages litigation. Lawyers can operate on a contingency pay system whereby the litigant pays nothing if he loses and only receives part of the damages if he wins. Thus much advertising encourages clients to litigate on matters that they might well not consider, or certainly would not consider, if faced with the risks of considerable costs.

Decline in running the buses

From Mr S. Read.

Sir, Prof M. Beesley (July 20) claims that the buses White Paper "attacks a serious problem of economic decline realistically."

In 1982-83. Even if the results from these areas were conclusive the White Paper concludes "... Deregulation has not been sufficient to halt the overall decline in rural bus services ..."

Banking at the sharp end

From Mr S. Jary.

Sir, I was intrigued by R. J. Pearce's letter (August 2) "Not banking, just pawnbroking." The impression is given that lending bankers have only recently become aware of the importance of professional cash flow forecasts, and profit projections in order that the true viability of a proposition might be assessed.

one in the early 19th century than in the 20th. The provision of security is an important and often necessary "long stop," but I well recall having been drilled in the balmy days of youth to understand that this was invariably the last consideration in an assessment. Management competence and reliability rank high in the order of things in corporate lending and, overriding all else is the question of whether the principals have both the ability and the will to honour their obligations. How else can one judge? The terms "cash flow forecasts" and "projections" are themselves of recent origin, but I promise there is nothing at all new in the concept, certainly not to any banker of repute.

Public operators costs are above those of private operators, while these cannot be compared as one operates mostly express services, tours, excursions and private hire and the other operates mostly timetable services in urban areas, it is possible to compare costs within the public sector.

Real costs per vehicle kilometre have risen in urban areas especially London, subsidies have also risen fastest in those same areas, thus "... there is reason to believe that higher subsidies do lead to higher costs." This is an astounding conclusion, surely higher costs result from increasing traffic congestion.

Now approaching retirement after some 40-odd years in banking, quite often at the sharp end, I hesitate to put the matter in perspective and reassure your readers.

I accept that the philosophy outlined by Mr Pearce possibly had its roots in a recession, but if so, it was more likely to have been

On a more general level we certainly want to see a framework for industrial relations in Britain which will reduce the need or the incentive to resort to disruptive action. This is clearly a view which is also held by a growing number of trade unions as a number of recent "no strike" agreements shows.

The Department of Employment's figures make a debate on the problems of strike action more important than ever. Industry might not have such a good opportunity again and we should make sure that the chance is not lost.

Strikes in the public sector

From the Employment Research Executive, Institute of Directors.

Sir, I was surprised to read Philip Bassett's comment in his article "State sector strike claim refuted" (July 26) that "The Institute of Directors and similar bodies have used their claims that virtually all disruptive strike action occurs in the state sector to support calls for banning strikes in the public sector, particularly in essential services."

This is not and never has been the institute's position. We do of course take the view, as do all business organisations, that strikes, in whichever sector of industry they occur, are almost always damaging and are often unnecessary. The argument however over disputes in the essential services does not rest on their frequency but on the severity of the consequences. Disruption to services for which there is rarely an

Jobs in Britain

A work cocktail that everyone can taste

By Robin Pauley



Seeking work in a Job Centre

A MINORITY of the British population works, and a declining minority at that. Official figures show that a record number of people are now unemployed and there is little prospect of much change in the years ahead. But although the 3m unemployed are one of the smaller groups in the vast non-working population—there are many more schoolchildren, pensioners and non-working spouses—they represent a social tragedy. Most want to work and their inability to find a job leads to loss of self-esteem, social and family tensions and a barely adequate economic existence.

Many have argued, this Government included, that the shake-out of labour which has caused 13 out of every 100 members of the workforce to sit on the sidelines was necessary before British industry could be restructured to generate economic prosperity in which new jobs would be created.

One answer to the money problem might involve rearranging the structures of income, taxation and benefits—perhaps through negative income tax, perhaps through a national income or basic income scheme.

the last T. H. Marshall memorial lecture, tried to deal with the competing problems of new technology and inadequate income, saying: "Surely there must be a better way of organising our institutions so that new technologies which could enable everyone to have a higher standard of living than before will not threaten to lead to disastrous situations? My answer would be to attempt to devise wage-setting institutions which would allow the real wage rate to fall to the extent necessary to provide employment opportunities to all who sought them but to combine this with fiscal and other institutions which ensured that, directly or indirectly, everyone enjoyed a fair share of the profits earned on the robots, computers and tapes and indeed on property in general.

A world-wide shake-out, accelerated by global recession, has led the International Labour Organisation to estimate that 1bn new jobs would be needed between now and 2000 to provide full employment.

What is not on the British agenda is future attitudes to work itself. However, in West Germany a debate has been fired by the recent industrial strikes. These were not, per se, for more money but for fewer working hours—that is for more money in kind (leisure time) rather than cash.

What seems to be needed now is a calm debate not only about the future of work but also about the sort of life which awaits both to and out of employment. Thus far, discussion has centred on the financial resources likely to be available for society, but not on the way in which the lives dependent on the money might advantageously be lived.

Yet there is nothing new about this problem. Charles Handy, visiting professor at the London Business School, pointed out in a recent book that:

Britain has created jobs before—between 1932 and 1937 it increased the number of jobs by 2.35m and reduced unemployment by 1.25m.

It has seen technological change before—between 1880 and 1960 the casual employed per worker doubled but output trebled. Automobiles replaced horses and society adjusted.

If ever there was a time for the water industry this is it. Roger Morton, Rose Cottage, Kirk, Ireton, Derby.

It has been technological change before—between 1880 and 1960 the casual employed per worker doubled but output trebled. Automobiles replaced horses and society adjusted.

Broadly, in Britain the work pattern has been built round a 100,000-hour working life—around 47 hours a week for just over 47 weeks a year for 47 years. The growing incidence of a 35-hour week and longer holidays is reducing the working life to 75,000 hours.

Society will again adapt. The difference this time could be that technological advances are qualitatively such that fewer jobs might be more difficult to create in large quantities except in the low wage and service sectors. Moreover, a substantial long-term core of unemployment might remain over what could be a lengthy transition period.

So the adaptation to the cutting of bus services? In the case of Southampton City services before "adjustment" passenger demand declined by 15 per cent in 11 years, after adjustment a further 7 per cent of passenger demand was lost in one year. The most significant effect of the Hereford trial area was that it enabled "... Midland Red (West)'s management to negotiate a local improvement in productivity of 25-30 per cent."

It is the latest in a long line of attacks on bus workers and users. I am surprised that Professor Beesley should want to defend it in any way.

Simon Read, Management Centre, University of Aston, Gosta Green, Birmingham.

Professor James Meade, in

increased real income per head

Advertisement for Pan Am Building. Features a large black and white photograph of a man in a suit, James Nass, standing in front of the Pan Am Building. Text includes: 'TO OUR TENANTS, THIS MAN WILL SOON BE AS RENOWNED AS OUR ADDRESS.' and 'He's James Nass, the Executive Services Director at the Pan Am Building. And he epitomizes our civilized approach to business.' The advertisement promotes the Pan Am Building as a world-class work environment with various amenities and services.



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FINANCIAL TIMES

Tuesday August 7 1984

BELL'S SCOTCH WHISKY BELL'S

COMMISSION SEEKS 20 PER CENT REDUCTION IN EEC OUTPUT

Ferromanganese cuts sought

THE EUROPEAN Commission has called on Community producers of high carbon ferromanganese to submit detailed plans by the end of September for cutting total EEC capacity by 20 per cent.

European steelmakers have agreed on how they will share steel output quotas set by the EEC until the end of 1986, a West German steel association spokesman said.

Corporation and Belgische Veranoetschap Mangaanproductie of Belgium. EEC anti-dumping investigators are to examine allegations of underpricing of Spanish sheet polystyrene in the Community market.

Jaguar to hold ballot for shares

JAGUAR, the luxury car maker being sold by BL, Britain's state-owned vehicles group, is to hold a ballot for applications of up to 1,000 shares, after being inundated with requests for small amounts of stock.

JAGUAR SHARES table with columns for Applied for and Allotted shares.

able," said Mr Robert Dutton, of Hill Samuel, advisers to Jaguar. An investor who applied for up to 400 shares has a one-in-eight chance of being allotted 100 shares in the ballot.

Letters of acceptance will be sent on Thursday to about 40,000 successful applicants in the ballot, out of the total of more than 240,000. BL shareholders and employees of Jaguar and BL, who together applied for 20m shares, have had their preferential applications satisfied in full.

Details, Page 15

Bonn row looms over delivery of MBB helicopters to Iraq

THE SALE to Iraq of militarily equipped West German helicopters, manufactured under licence in Spain, is causing renewed embarrassment for the Bonn Government over its dealings with participants in the Gulf war.

A spokesman also declared that the helicopters involved were the civilian model of the B5 105, and not the anti-tank version developed for the West German army.

strictive arms export policy it is difficult to reconcile the sale of military equipment to areas of tension such as the Middle East. Also, confirmation of the deal comes just a fortnight after a well-publicised visit to Tehran by Herr Hans-Dietrich Genscher, Foreign Minister, the first high-level visit by a West European minister since the Khomeini regime came to power in 1979.

Greece to buy 40 Mirages

GREECE intends to buy 40 French-made Mirage 2000 interceptor aircraft as part of a \$230 purchase of up to 100 new jet fighters for its air force.

U.S. aircraft is thought to reflect the Socialist's policy of reducing the country's traditional dependence on U.S. weaponry. Defence experts in Athens believe the Mirage 2000 would match either U.S. aircraft as a fighter and emphasised its political advantages.

between the Mirage and the U.S. aircraft. But if the government decides it can afford 100 fighters, they will be divided in a 60-40 ratio. Financial consideration would favour 60 U.S. fighters to 40 French, since Greece could use a slice of its annual \$500m in U.S. military credits to pay for a U.S. aircraft.

Court upholds UK union ban

THE BRITISH Government yesterday won an appeal against a High Court ruling that a ban on trade unions at a top secret radio listening post was unlawful.

"There may well be areas where the court may be entitled to inquire into the exercise of the Royal Prerogative, but there are certainly other areas where such inquiries are not permitted. Such an area is any action taken under the Royal Prerogative which can truly be said to have been taken in the interests of national security to protect this country from its enemies or potential enemies."

structures relating to civil servants' conditions of service. The reaction of the unions and Labour Party leaders was a mixture of dismay and outrage. Air Neill Kinnoch said that when the courts allowed government alone to decide what national security was "they give government an unlimited licence which is open to abuse and which contradicts all the values of our democracy."

Malaysia awards \$297m urban rail contract

By Wong Suijing in Kuala Lumpur A CONSORTIUM of French, Belgian and Malaysian companies has been awarded a \$297m contract for the first phase of a five-phase 2.35km ring-rail commuter system for Kuala Lumpur.

The rail system will cover 32.5km between Kuala Lumpur and its suburbs, and the first phase will run for 18.8km between Sentul in Kuala Lumpur and Petaling Jaya. It is to be ready by 1988.

Dr Mohamad Mahathir, the Prime Minister said. The Mahathir, who inspected the Malaysian car plant being constructed on a former rubber estate outside Kuala Lumpur, said a British company, which he declined to name, had shown interest in buying 40,000 of the Malaysian cars.

Merrill Lynch agrees to buy Becker Paribas

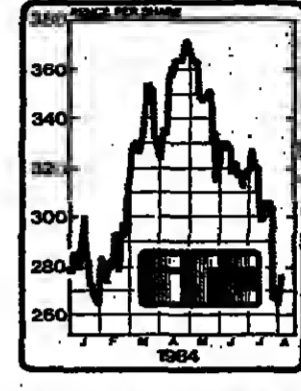
Continued from Page 1 represents the first big foreign asset disposed by a French nationalised bank since the state takeovers in February 1982. The order to take of 2000m in the first half of 1984 indicates that short-term growth - at any rate in sales - is not being hampered by the running-off of the Anzcan submarine cable contract.

U.S. barriers to rise against textile imports

Continued from Page 1 na, although the highest percentage rise in imports was from the developed countries of Europe and Japan. The latest regulations affect origin marking. It is quite common in the industry for a yarn to be spun in country A, made into a fabric in country B and turned into a finished article of clothes in country C. It would then bear an origin label: Made in country C.

THE LEX COLUMN STC keeps the City on hold

The UK equity market was as flat as a mill-pond yesterday which, after all last week's excitement, was the best that the Jaguar stags could reasonably have hoped for.



There is nothing like a takeover to divert the audience's attention from the routine matter of semi-annual results, but although STC has timed its approaches on ICL at just the right moment for strategic considerations to lift the City of London's eye away from mere trading - STC's educational video expounding the imperatives of technological convergence was another distraction yesterday - the profit figures for the six months to June would in any event have stood up under normal scrutiny.

STC's share price has recovered a few pence of the lost ground - it was up 2p yesterday at 27p - and ICL's shares remain just a fraction above the offer at 81p.

Merrill/Becker Their disastrous mutual involvement in the affairs of Sun Hung Kai in Hong Kong seems not to have soured relations between Merrill Lynch and Paribas one jot. Presumably operating on the assumption that lightning never strikes twice in the same partnership, Merrill has agreed to take Becker Paribas, the Wall Street securities business, off the hands of the French bank.

to patch a large technological hole in the next few years, and ICL's coming generation of computers could be tailored to fit.

After an initial shudder, indeed, when it not unreasonably fitted this suggestion into a late-summer pattern of merger-mania, the market does seem to be coming to terms with the idea.

Merrill is funding the deal through the issue of its own equity, with the curious result that the French Government will end up indirectly as a principal shareholder in the largest securities firm on Wall Street. Nor is that the only oddity. The transaction values Becker at around \$100m, which looks remarkably cheap when set against the company's last published equity of \$170m and the stated intention of Paribas - when it bought out the minority earlier this year - to inject more capital into the enterprise.

But, even if Merrill is not paying over the odds for Becker, it is difficult to see what strategic objective will be served by the deal. Becker has a useful presence in the commercial paper and fixed-income markets but then Merrill is not exactly short of skills there itself. The Merrill herd has been thundering in so many unprofitable directions over the past few years that the arrival of a new chief executive two months ago was thought to herald a period of retrenchment and attention to the cost base of the core brokerage business. But it is hard to keep a good investment banker down on Wall Street and Merrill may have reckoned that Becker looked a snip compared, for example, with the prices being paid for securities firms in London.

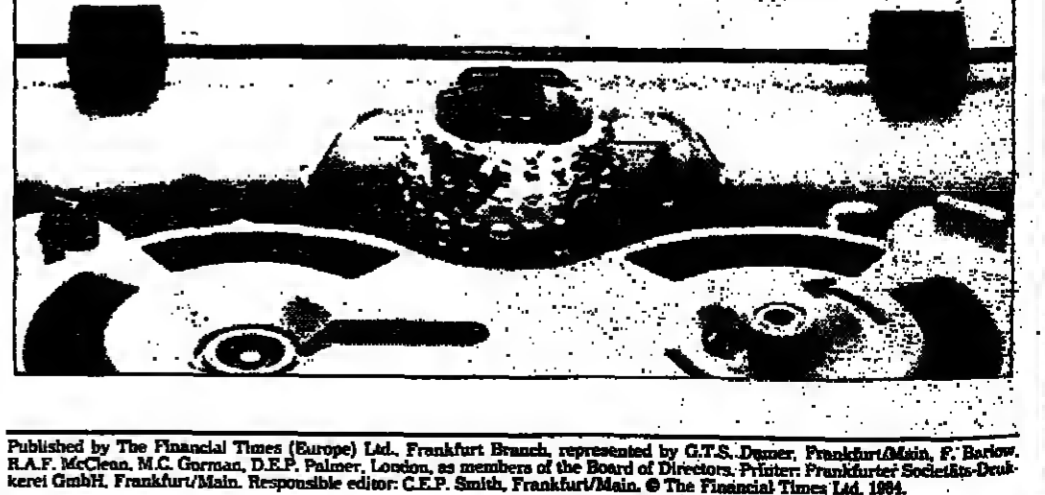
Glywed For all its conspicuous management strengths, Glywed has never really managed to convince the market that it comprises more than a bewildering collection of unfeasible businesses. Yesterday the group announced an increase of more than 50 per cent, to £12.3m, in pre-tax profits for the six months to March and forecast that the second half should look even better. The shares, however, responded with a 1p fall to 144p, where they yield a prospective 9 per cent.

If anything, it was Glywed's most unfeasible business which did best of all in the latest six months: UK operating profits were up 35 per cent in toto to £15m, with the Ductile acquisition providing substantial gains from economies of scale in the steel and tube divisions. Overseas - a recovery from loss in the U.S. broadly counterbalanced the effect of dismal trading conditions in South Africa, while the group's announcement that it was withdrawing from the U.S. Dresser Steel operations answered a principal criticism of the group's strategy.

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World Weather

Table with columns for location, temperature, and weather conditions for various global locations.

Berlin-Moscow links

Continued from Page 1 ly and expand co-operation with the Soviet Union and its allies. He said that would be a permanent "economic contribution" by East Germany to strengthening the Communist alliance.

agreement." They are said to have contributed to co-ordinating the economic plans to East Germany and the Soviet Union for the next five-year plan, beginning in 1986. Hungary has praised East German policy towards West Germany by noting in the current issue of the political magazine Magyarorszag that East Berlin had shown in recent months that the small European countries should do everything to continue détente. It lauded Herr Erich Honecker, the East German leader, who was criticised by Pravda, for saying that the two German states shared a "community of responsibility."



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SECTION II - INTERNATIONAL COMPANIES  
**FINANCIAL TIMES**

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## Front runner in sight for Creusot-Loire rescue

BY DAVID MARSH IN PARIS

FIVES Cail Babcock, the French private sector machinery and industrial equipment group, has emerged as a front runner among the companies being sought by the French Government to take over part of the assets of the bankrupt Creusot-Loire engineering concern.

The Government has been working painstakingly for the last month on drawing up a financial and industrial rescue for large parts of the disparate activities of Creusot-Loire, which was placed in receivership at the end of June as France's biggest post-war bankruptcy.

But efforts to find a solution have been hampered by the complexity of the group's structure and differences between the Government and the court appointed official, M. Hubert Lafont, appointed to administer Creusot-Loire's affairs after the resignation of the company's board on July 18.

A series of contacts which have also been complicated by last

month's French Government reshuffle, Fives Cail, which was formed out of a series of mergers in the 1970s partly involving the French subsidiary of Babcock and Wilcox, has been approached about taking on industrial leadership of a new group of Creusot-Loire shareholders.

The group, which would also include nuclear reactor company Framatome, steel group Usinor and nationalised banks and financial institutions, would take over key Creusot-Loire assets centred on its steel, energy, weapons and transport activities.

The number of jobs to be cut out of Creusot-Loire's total 31,000 group workforce, however, still has not been worked out. The financial details concerning the new company's share capital, and the fate of Creusot-Loire's creditors, are also still not settled.

The Government is likely to want to keep the new company's equity

capital relatively low in order to limit the financial exposure of the shareholders. Fives Cail, with a turnover of FFr 3.2bn (\$360m) last year, is a much smaller company than Creusot-Loire, whose group turnover was around FFr 16bn.

The shareholding structure of Framatome, which is 50 per cent owned by Creusot-Loire and has considerable loans outstanding to its parent company, also needs to be changed before Framatome can take part in the rescue operation. A number of French groups, including Alstom Atlantique and Electricite de France, are possible bidders for Creusot-Loire's stake in the nuclear reactor company, while the Government has not ruled out trying to bring in foreign shareholders as well.

The Government has already announced that no jobs will be lost among the 8,000 staff at Framatome.

## Australian deal for Chuan Hup

SINGAPORE - Chuan Hup Marine has bought a 30 per cent interest in Lombardo Marine, an Australian company with interests in commercial fishing, shipbuilding and a hotel and travel agency, for A\$3.6m (US\$3.3m) cash, or A\$40 for each of 90,000 shares.

Another Australian company, Forsyth Oil and Gas, with mining and oil leases on and offshore in Australia, has acquired a 15 per cent interest in Lombardo Marine, and Travoli, a nominee company beneficially owned by one of Chuan Hup's directors, has bought a 5 per cent stake.

Chuan Hup said the purchase conformed with the company's planned expansion in offshore oil-field services.

AP/DJ

## ICI plans methanol plant in Caribbean

BY CARLA RAPOPORT IN LONDON

BRITAIN'S Imperial Chemical Industries (ICI) is seriously considering the construction of a £150m (\$198m) methanol plant in the Caribbean, most likely Trinidad.

ICI confirmed in a statement yesterday that it has decided not to pursue a methanol project at Sharjah in the United Arab Emirates.

ICI "is still looking at natural gas supplies overseas for conversion into methanol, in particular, in the Caribbean," the company said. The new plant would be intended to supply the world methanol market.

Methanol is a raw material used to make a variety of construction materials as well as paints, plastics and fibres.

ICI refused to comment on why it

has dropped plans to build a methanol plant in the Gulf. The plans called for a joint venture with a number of Gulf states.

ICI is the only methanol producer in the UK and a leading European producer. Natural gas to make the methanol is purchased from British Gas by ICI under terms which are negotiated in secret.

At the time of its comment on the Sharjah project last May, ICI stated that natural gas could be bought more cheaply in a number of overseas countries than in Britain.

In 1982, ICI announced plans to build a methanol plant in Billingham, North-east England, at a cost of £100m. The project has since been shelved.

## Canadian pipeline group lifts profits

By Bernard Simon in Toronto

HIGHER natural gas sales in Canada and the U.S. enabled TransCanada Pipelines to lift net income to C\$101.2m (US\$77.4m) in the six months to June 30, from C\$85.1m in the corresponding period last year. Earnings per share rose from 95 cents to C\$1.10.

According to company president Mr. Rad Latimer, natural gas sales were boosted earlier this year by a return to normal winter weather and the improved U.S. and Canadian economies. Domestic sales in the first half of this year rose by 13.2 per cent, while exports almost doubled.

Second-half results will be helped by a 4.2 per cent increase in natural gas transport tolls that took effect on August 1. TransCanada is also holding talks with U.S. customers to review existing contracts following the Canadian Government's recent decision to relax price controls on gas exports, Mr. Latimer said.

Canadian exporters are expected to lower prices in an effort to maintain or increase sales volume.

Sales of oil and natural gas liquids by TransCanada's oil and gas investments rose "significantly" in Canada and the U.S. between January and June 1984. The group also has oil and gas interests in Australia and Indonesia, and last month acquired Wesley Energy, a Dallas-based oil and gas company.

Bell Canada enterprise holds 47.2 per cent of TransCanada's shares, but has indicated that it will not raise its holdings above 30 per cent.

Home Oil, the Calgary-based energy arm of Hiram Walker Resources, has agreed to buy Dome Petroleum's 22.9 per cent stake in the North Sea Oil and Gas producer Sovereign Oil and Gas for C\$40m. Sovereign currently produces 8,000 barrels a day of oil and owns rights to 240,000 unexplored acres.

## HOW AN ITALIAN BANK CLIMBED UP THE BIG LEAGUE

# San Paolo banks on acquisitions

BY ALAN FRIEDMAN IN MILAN

IN ITALY, the banks which are well funded will triumph. We will not be able to increase our liquidity simply by offering higher interest rates. The ideal route to a greater funding base is through the acquisition of sound banks.

Professor Gianni Zandano, chairman of Istituto Bancario San Paolo di Torino, which last week catapulted itself into third place in the Italian banking league, leans forward across the dining table to see that his point has registered. Another banker whose institution had just agreed to spend \$270m on an acquisition might be jubilant. Prof. Zandano, whose bank may well be the most dynamic in Italy, is not interested in boasting.

Yale-educated, quiet and unassuming, Prof. Zandano sits before his luncheon table inside San Paolo's elegant 17th century Turin headquarters building. He is at pains to stress that the San Paolo strategy of securing plentiful funding at home and of not being "wildly ambitious" abroad is the most conservative way of nurturing the further growth of his 40-year-old bank.

As the first ranking bank in the world, San Paolo is not exactly a household name. Its overseas net-

work while taking in London, New York, Los Angeles, Luxembourg, Frankfurt, Amsterdam and Singapore, is modest. But behind the quiet modesty, a sophisticated management is at work.

The achievements are not limited to the recent L480bn acquisition of Banca Provinciale Lombarda, the private Lombardy bank.

San Paolo has built up an expertise in the European Currency Unit (Ecu) to emerge last year as the top Ecu underwriter in the Euro-market.

In Italy, San Paolo is the leading bank for trade finance. Last year trade related lending reached 27 per cent of the bank's total advances.

The bulk of San Paolo's major expansion has taken place during the last six or seven years. As a publicly-owned foundation, with a non-shareholder structure roughly along the lines of Britain's Trustee Savings Banks, San Paolo has been able to build up reserves year after year.

Its capital base now totals more than L2,000bn (\$1.14bn), which is significantly larger than that of many other Italian banks.

In 1977 San Paolo took over the Como-based Banco Lariano, adding



Prof. Zandano: no expansion merely for 'prestige'.

Lariano's 120 branches to its own 350 branches in the affluent regions of Piedmont, Lombardy and Liguria. In 1980 San Paolo bought 50 per cent of a Sicilian bank with 40 branches. Two years ago the bank acquired seven Californian branches of the first Los Angeles Bank.

Also in 1982, San Paolo joined in the rescue and took 18.66 per cent of Nuovo Banco Ambrosiano.

Now with the addition of the Bergamo-based Banca Provinciale

Lombarda, San Paolo can boast combined group assets of around L56,000bn, total deposits of more than L45,000bn, some 649 branches in Italy and 17,000 employees.

What about the future? Prof. Zandano says he will not expand his overseas network merely for "prestige." San Paolo has few involvements in Third World debt and intends to concentrate on what it does best, which is European finance. At home, Prof. Zandano does not rule out further acquisitions, but he was probably made his last major bank purchase for the time being.

Instead, the goal is to develop a variety of financial services in Italy, building on San Paolo's already advanced electronic technology, its sale of data and services to other Italian banks and companies; its mortgage lending, home banking and special focus on aid to small and medium sized businesses.

Although credit controls have been formally abolished in Italy, the central bank continues a tight monetary policy. Therefore, as Prof. Zandano sums up: "Liquidity for banks is scarce and we have it." The effective application of this liquidity will now be San Paolo's greatest challenge.

## MCA earnings down

BY WILLIAM HALL IN NEW YORK

MCA, the U.S. records and films group, which owns Universal Studios, has reported a 46 per cent drop in second-quarter net income to \$19.9m due to "continuing very disappointing results" from its motion picture operations.

Revenues in the latest quarter fell by \$2m to \$349.1m. Last year's figures had been boosted by earnings from Steven Spielberg's film E.T. the Extra Terrestrial.

The company says that its domestic syndication contracts for future local station telecasting rights continued to increase at a record rate, in addition to the previously an-

## Setback for Loews

BY TERRY BYLAND IN NEW YORK

EARNINGS at Loews Corporation fell in the second quarter of the year following a further sharp fall in income from CNA Financial, the insurance company which is Loews' largest subsidiary.

Operating net income at Loews, which also has extensive cinema and hotel interests and is controlled by the Reich brothers of New York, has fallen to \$87.3m from \$86.4m earned from continuing operations in the comparable period. Revenue held steady at \$1.4m.

Final net income is down by one fifth to \$48.9m or \$1.80 a share after adjustment for \$4.4m in investment

losses in the quarter and for \$3.8m in profits from discontinued operations and \$8.7m investment losses in the 1983 period.

CNA, a group accident and health insurer in which Loews has an 88 per cent stake, contributed \$42.1m from continuing operations in the quarter, compared with \$54.5m last time.

For the half year, Loews has returned net earnings of \$114.8m or \$4.23 a share against \$137.7m or \$4.90. CNA's contribution fell from \$55.6m to \$25.4m. Group revenues held steady at \$2.7m.

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## INTL. COMPANIES & FINANCE

### Daimler to recruit 2,000

By Jonathan Carr in Frankfurt

DAIMLER-BENZ, the West German motor vehicle producer, plans to take on 2,000 extra workers in the second half of this year—after already boosting its labour force by 2,000 in the first half.

Six hundred new jobs will come at the company's car factories in Sindelfingen, 400 at the engine and axle works at Stuttgart-Untertürkheim, and 300 at Bremen, where the 190 "compact car" series is produced.

The company said the latest increase in the workforce was not a case of short-term hiring simply to help make good production losses caused by the metalworkers' strike in May-June. The new jobs would be durable—created in view of Daimler-Benz's good market position and expansion prospects, it said.

Last year Daimler-Benz increased its domestic labour force by 1.4 per cent to 151,500.

The company has already made it clear that, because of the metalworkers' strike, it expects this year to do no more than match the output of 476,000 cars it achieved in 1983. Commercial vehicle production will be down on the 1983 figure of 174,000.

### Norwegian Brown Boveri ahead

BY FAY GJESTER IN OSLO

NEBB, the Norwegian offshoot of the Swiss Brown Boveri engineering group, reports a group pre-tax profit of Nkr 27m (\$3.2m) for the first half of 1984, compared with Nkr 20m in the same period last year. It expects profits for the year as a whole to be better than 1983, despite idle capacity at a plant making heavy electrical equipment. This results from a weak marine market and a low level of Norwegian hydro-electric development.

The difficulty in this sector has been more than offset by full order books for railway

rolling stock, electrical installation work—and on off shore—and electrical engineering.

Soral, which operates a 67,000 tonnes per year aluminium smelter at Huanan, southern Norway, reports steep increases in operating profits and revenues in the first half of this year against the comparable 1983 period, reflecting the marked rise in aluminium prices which began during the second half of last year.

Operating profits rose to Nkr 90m (\$10.5m) from Nkr 28.5m, while revenues totalled Nkr 380.2m, against Nkr 308m.

Although prices have now started to ease, the company does not expect results in the second half of the year to show any marked change.

Capacity was fully utilised in the first six months, and output reached 33,700 tonnes, compared with 32,300 tonnes in first half of 1983.

Despite the current weak price trend and signs of slackening world demand, the company is studying plans for a 50 per cent capacity increase. Soral is owned 74.8 per cent by Swiss Aluminium. Norsk Hydro owns most of the rest.

### Improvement in first-half group earnings at OCBC

BY CHRIS SHERWELL IN SINGAPORE

OVERSEAS-CHINESE Banking Corporation (OCBC), once the pre-eminent bank of Singapore's "Big Four," has reported a 7.7 per cent improvement in group net profits for the six months ending June to \$283.37m (U.S.\$31.7m) from the \$263.5m recorded for the same period last year.

The result stands in contrast to the overall decline seen in the whole of 1983, when full-year earnings fell by 7 per cent. That figure, however, did not include an extraordinary gain on the sale of shares in the International Bank of Singapore, which means that the improvement is less dramatic. The bank itself has reported a

first-half earnings increase of 7.15 per cent, to \$550.14m from \$514.5m.

The group figure refers to net profit after providing not only for taxation but also for diminution in the value of assets and allocations to reserves. The directors declared an unchanged interim dividend of six cents.

OCBC was ranked third among Singapore banks in 1983, according to The Banker. Total assets less current items were given as \$3.4bn. Ahead of OCBC in the island state were Development Bank of Singapore with assets of \$5.7bn and United Overseas Bank with assets of \$4.9bn.

### Saudi finance for Turkish Islamic banks

By David Barchard in Ankara

THE TURKISH Cabinet has approved the formation of two financial institutions financed from Saudi Arabia.

The two establishments, to be known as the Al Bakara Turkish Private Finance Corporation and the Faisal Finance Company, will operate on Saudi Arabian banking principles, paying no interest but offering dividends and commissions.

The Al Bakara Turkish Finance Corporation will have an initial capital of 27,500,000m or \$13.1m. It appears that Mr Korkut Ozal, the Turkish Prime Minister's elder brother, will have a major stake in the venture through an investment corporation, Enk Yatirim.

### N. AMERICAN QUARTERLY RESULTS

Company	1984	1983	1984	1983
<b>AMERICAN STANDARD</b> Transportation + building products	1984	1983	1984	1983
Revenue	\$92.2m	\$88.5m	\$1.2bn	\$1.2bn
Net profit	\$5.1m	\$4.5m	\$7.2m	\$6.8m
Net per share	0.30	0.27	0.45	0.42
<b>AMERICAN GENERAL</b> Insurance	1984	1983	1984	1983
Op. net profits	\$8.3m	\$7.2m	\$187.6m	\$142.7m
Net per share	0.60	0.51	1.28	0.98
<b>ITEL</b> Retail banking	1984	1983	1984	1983
Revenue	\$1.2m	\$1.1m	\$18.1m	\$18.5m
Net profit	\$0.2m	\$0.1m	\$2.5m	\$2.2m
Net per share	0.25	0.10	0.32	0.28
<b>PEABODY INTERNATIONAL</b> Pollution control / waste disposal	1984	1983	1984	1983
Revenue	\$1.2m	\$1.1m	\$1.2m	\$1.1m
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INTERNATIONAL COMPANIES and FINANCE

Quadrupled earnings for Pan-Electric Industries

BY CHRIS SHERWELL IN SINGAPORE

PAN-ELECTRIC Industries, the shares of which have been among the most heavily traded on the Singapore Stock Exchange for the past month, yesterday reported a quadrupling of after-tax profits for the six months to June on turnover ahead by 27 per cent.

Sabah deal lifts FACB shares

BY WONG SULONG IN KUALA LUMPUR

FIRST ALLIED Corporation Berhad, FACB, the shares of which have seen heavy trading on the Malaysian and Singapore stock exchanges in recent months, has announced another major property acquisition for 20m ringgit (US\$8.6m) to be satisfied by an issue of 10m shares of 50 cents par value.

Wong Sulong reports on the transformation of a Malaysian tin mining company Johan grows under Mr Tan's control

JOHAN HOLDINGS, a small tin mining company founded by several Englishmen in 1917, has emerged as a major Malaysian group over the past three years. Under a youthful team headed by 37-year-old Tan Kay Hock, it is now looking beyond Malaysia for new business opportunities.

George Kent, which was 30 times bigger than Johan when it was acquired in May 1981, has established itself as the leader in the production of water meters and precision equipment in Malaysia.

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lic listing for its Australian activities under the Slangan group and the expansion of William Jacks in Britain.

William Jacks is buying up the British Leyland franchise for Buckinghamshire and Surrey, including the Jaguar car agency. With its franchises for Mercedes, BMW, Audi and Alfa Romeo, William Jacks would have a strong hold on the top end of the car market in the area.

These developments followed estimates of full-year profits by local securities firms which varied widely. One in particular projected a pre-tax figure of around \$960m, after \$826m in 1983.

It took us some time to realise the spread of our activities," said Mr Tan. "For example, one of our subsidiaries in Zambia operates a profitable farm which supplies half the eggs for Luauka, the capital in Australia, we are involved in metal fabrication and engineering.

10m water taps, meters, and valves a year and it feels it is ready to move aggressively into the export market, particularly in South-east Asia, and the Middle East.

On the home front, Johan is negotiating to buy, or take a substantial stake in a plantation company with 30,000 to 50,000 acres and insurance is another area the group is keen to venture into to complement its Divers Club credit card business in Malaysia and Singapore.

London is an international centre for finance and high technology, and we hope to use London to tap these services," said Mr Tan. He confirmed that Johan is in the market to buy either a British financial services company or a high technology company to complement the group's activities.

Redemption Notice

Hammersley Iron Finance N.V.

9 1/2% Guaranteed Debentures Due 1985

Unconditionally Guaranteed as to Principal and Interest by HAMERSLEY HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 1, 1970 under which the abovescribed Debentures are issued, Citibank, N.A. (formerly First National City Bank), as Trustee, has selected for redemption on September 1, 1984, (the "Redemption Date") at the principal amount thereof (the "Redemption Price"), through the operation of the Sinking Fund provided for in the said Indenture, \$1,583,000 principal amount of Debentures of the said issue of the following distinctive numbers:

Table with columns for Coupon Debentures of \$1,000 Principal Amount Outstanding, listing numbers from 6144 to 1399.

The Debentures specified above are to be redeemed for the said Sinking Fund (a) at the Receiver and Deliver Windows of Citibank, N.A., Trustee under the Indenture referred to above, 111 Wall Street - 5th floor, New York, New York 10043 or (b) subject to any laws or regulations applicable thereto, at the main offices of Citibank, N.A. in Amsterdam, Brussels, Frankfurt (Main), Geneva, London (Citibank House), and Paris and the main office of Banque Generale du Luxembourg S.A. in Luxembourg, the Company's Paying Agents. Payment at the offices referred to in (b) above will be made by check drawn on, or transferred to a dollar account maintained by the Holder with a bank in the City of New York. On the Redemption Date such Debentures shall become due and payable at the Redemption Price and no and after such date, interest on the said Debentures will cease to accrue and the coupons for such interest shall be void.

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the Redemption Date. Coupons due September 1, 1984 should be detached and presented for payment in the usual manner.

For HAMERSLEY IRON FINANCE N.V. By CITIBANK, N.A. Trustee

July 31, 1984

This advertisement appears as a matter of record only.



Kingdom of Denmark

U.S. \$1,000,000,000

Revolving Standby Credit

- Manufacturers Hanover Limited, Banque Paribas, CIBC Limited, The Dai-ichi Kangyo Bank, Limited, The Daiwa Bank, Limited, IBJ International Limited, The Mitsui Bank, Limited, The Mitsui Trust and Banking Company Limited London, Orion Royal Bank Limited, Scandinavian Bank Limited, The Taiyo Kobe Bank, Limited, The Tokai Bank, Limited, Union Bank of Finland Ltd, Westdeutsche Landesbank Girozentrale, Allied Irish Banks Limited, American Scandinavian Banking Corporation, Arab Banking Corporation (ABC), Gulf International Bank B.S.C., Kansallis-Osake-Pankki, Postipankki, Sanwa Bank Merchant Banking Group, Standard Chartered Bank PLC, The Yasuda Trust and Banking Company Limited, Den Danske Bank, PRIVATbanken A/S, Copenhagen Handelsbank A/S, managed by, The Bank of Yokohama, Ltd., The Hokkaido Takushoku Bank, Limited, Continental Bank of Canada, Credit Suisse, The Kyowa Bank, Ltd., The Saitama Bank, Ltd., co-managed by, B.A.C. - C.O.B. Savings Bank, Banco di Sicilia, The Chuo Trust and Banking Company Limited, Zentralsparkasse und Kommerzbank Wien, Banque Nordeurope S.A., provided by, Banque Paribas, Canadian Imperial Bank Group, The Dai-ichi Kangyo Bank, Limited, The Daiwa Bank, Limited, The Industrial Bank of Japan, Limited, Manufacturers Hanover Trust Company, The Mitsui Bank, Limited, The Mitsui Trust and Banking Company Limited London, The Royal Bank of Canada Group, Scandinavian Bank Limited, The Taiyo Kobe Bank, Limited, The Tokai Bank, Limited, Union Bank of Finland Ltd, West B. International S.A., Allied Irish Banks Limited, American Scandinavian Banking Corporation, Arab Banking Corporation (ABC), Copenhagen Handelsbank A/S Grand Cayman Branch, Den Danske Bank, Gulf International Bank B.S.C., Kansallis-Osake-Pankki, Postipankki, PRIVATbanken A/S New York Branch, The Sanwa Bank, Limited, Standard Chartered Bank PLC, The Yasuda Trust and Banking Company Limited, The Bank of Yokohama, Ltd., The Hokkaido Takushoku Bank, Limited, Continental Bank of Canada, Credit Suisse, The Kyowa Bank, Ltd., The Saitama Bank, Ltd., B.A.C. - C.O.B. Savings Bank, Banco di Sicilia, The Chuo Trust and Banking Company Limited, Zentralsparkasse und Kommerzbank Wien, Banque Nordeurope S.A., Bank of British Columbia, Den Danske Provisbank A/S New York Branch, Kblaji Commercial Bank Limited Abu Dhabi, Sparebanken Norsk, Sparebanken Rogaland Stavanger, Trondhjems og Strindens Sparebank, Kuwaiti-French Bank, Forrettingsbanken A/S, Jyske Bank, Sparekassen SDS Cayman Islands Branch, Vestlandsbanken, Agent, The Industrial Bank of Japan, Limited

Euronote Facility

- Allied Irish Banks Limited, American Scandinavian Banking Corporation, Arab Banking Corporation (ABC), CIBC Limited, Dai-ichi Kangyo International Limited, Daiwa Bank (Capital Management) Ltd., Gulf International Bank B.S.C., IBJ International Limited, Kansallis-Osake-Pankki, Manufacturers Hanover Limited, Mitsui Finance International Limited, Mitsui Trust Bank (Europe) S.A., Orion Royal Bank Limited, Paribas Becker, Postipankki, Sanwa Bank (Underwriters) Limited, Scandinavian Bank Limited, Standard Chartered Merchant Bank, The Taiyo Kobe Bank (Luxembourg) S.A., Tokai International Limited, Union Bank of Finland Ltd, Westdeutsche Landesbank Girozentrale, Yasuda Trust (Europe) Limited

Den Danske Bank

- PRIVATbanken A/S New York Branch, Copenhagen Handelsbank A/S, Agent, Manufacturers Hanover Limited

Swingline Facility

- provided by, Allied Irish Banks Limited, American Scandinavian Banking Corporation, Arab Banking Corporation (ABC), Canadian Imperial Bank of Commerce New York Agency, The Dai-ichi Kangyo Bank, Limited New York Branch, The Daiwa Bank, Limited New York Branch, Gulf International Bank B.S.C., The Industrial Bank of Japan, Limited New York Branch, Manufacturers Hanover Trust Company, The Mitsui Bank, Limited New York Branch, The Mitsui Trust and Banking Company Limited New York Branch, The Royal Bank of Canada, The Sanwa Bank, Limited New York Branch, The Taiyo Kobe Bank, Limited New York Branch, The Tokai Bank, Limited, Westdeutsche Landesbank Girozentrale New York Branch, The Yasuda Trust and Banking Company Limited New York Branch, Agent, Manufacturers Hanover Limited

July, 1984



UK COMPANY NEWS

STC backs bid with 23% profits rise

BY ALEXANDER NICOLL

Standard Telephones and Cables yesterday backed its bid for computer maker ICL by reporting a 23 per cent rise in pre-tax profits for the first half ended July 1 and increasing its dividend.

Because it is making a bid, the company was careful not to make any profit forecast which would require a full audit of its accounts. But Mr Ted Newman, treasurer, said of the first half report that "there's little reason to think that's an abnormal situation."

ICL has rejected STC's bid as "entirely inadequate" but its board is due to meet today. Sir Kenneth Corfield, STC chairman, said he hoped formal talks between the two companies would begin after the ICL meeting. STC plans to send out its formal offer document on Thursday.

STC is raising its interim dividend from 2.75p to 3.25p. Pre-tax profit rose from £42.4m to £51.7m, on turnover of £517.3m against £496.2m. Tax taken at a 40 per cent rate instead of the previous 37 per cent because of UK budget changes, is estimated at £20.9m against £15.7m.



Sir Kenneth Corfield, chairman of STC

Of the post-tax profit of £31.2m (£26.6m), dividends accounted for £10.6m (£9m), leaving a retained profit of £20.7m (£17.6m). Earnings per share rose to 9.6p from 6.5p.

Orders in hand were at a record level of £879m at the end of the half, excluding a £104m overseas cable contract won in July. Overseas sales, at £154m, were 32 per cent higher than in first half 1983. Turnover of all group divisions rose, with telecommunications at £202.2m against £183.1m, international communications and services £131.2m (£104.2m), components and distributors £171.2m (£109.8m) and residential electronics £11.7m (£4m).

mean that STC is achieving his desired aim of reduced dependence on one supplier, he said.

Of the relatively slow growth of telecommunications turnover, Sir Kenneth said equipment has a long installed life and that its costs are falling. But he said supply to BT of TX-2 electronic exchanges was a "big business which cannot come to an end in the short-term - there would not be anything to replace them."

STC was given the TXE-4 contract as compensation when it lost a place in the collaborative System X project. Sir Kenneth said yesterday that enhancements to TXE-4 exchanges would provide STC with work "out to the end of the decade."

On overseas sales, Mr Alex Park, finance director, said submarine cable systems had strong sales, and that the components and distribution division had done well in both Europe and the U.S.

Sir Kenneth acknowledged, however, that a weak point of an STC/ICL combination would be that neither company very strong in North America. Whether or not the merger goes through, STC will need to establish a former base there, and it has a list of companies in which it is interested, he said. STC is 35 per cent owned by IIT of the U.S.

See Lex

Asprey expects to sustain growth

A FURTHER advance of £582,000 over the second six months enabled Asprey & Co to lift its pre-tax profit for the full year to March 31, 1984 from £5.44m to £6.2m (16p) per 25p share.

Current trading has not reached the levels of 1983-84, but the directors are hopeful of sustaining the achievements over the full period.

On the back of a 6.4p rise in earnings to 65.9p they are raising the final dividend by 1.5p to 11.5p for an increased total of 17.5p (16p) per 25p share. Turnover pushed ahead from £24.76m to £28.24m—the group is a goldsmith, silversmith, jeweller, antique dealer and interior decorator.

Glynwed at £12m midway and sees record for year

A SUBSTANTIAL rise in pre-tax profits from £8.08m to £12.27m has been produced by Glynwed International for the first half of 1984, with most of the increase coming from the UK. There was also a significant turnaround in the U.S.

Sir Leslie Fletcher, chairman, says that unless there is a material downturn in activity in the UK, profits for the second half should exceed those of the first six months.

In the last full year pre-tax profits came to a record £21.19m on turnover of £467.2m. In their last annual statement the directors said they were confident of a sustained level of activity in the UK and the hope of steady improvement in the U.S. throughout the year. They added that it was too early to anticipate any improvement in South Africa in 1984.

Table with 5 columns: Company, Current payment, Date, Corrected payment, Total for year. Includes Asprey, Erode, Glynwed Intl, Grosvenor Square, Lon. & St Lawrence, Relyon, and STC.

Dividends shown price per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. † Close company.

not be less than the 5.4p paid last year. For the first six months net earnings per 25p share were given as rising from 7.12p to 10.5p. In the UK Sir Leslie says that, without exception, all divisions have shown higher profits, in particular the steel division and the tubes and fittings division, which benefited from the migration of Ductile and Durapure and produced noticeably better results.

Evode edges ahead to £0.91m at six months

PRE-TAX profits of the Evode Group edged ahead from £865,000 to £911,000 over the 26 weeks ended March 31 1984 and from earnings 0.62p higher at 4.5p basic and net interim dividend is being stepped up from 0.116p to 0.815p.

The directors say that while sales generally achieved planned levels, rising from £23.83m to £24.85m, there was, and continues to be, considerable pressure on margins in many group activities—Evode manufactures adhesives and jointing compounds.

Operating profits for the half year (comparative figures were for 27 weeks) slipped from £1.7m to £1.5m and there was an associate debt this time of £4,000, compared with a previous £4,000 credit.

The interest charge, however, showed a reduction of £174,000 to £237,000 and tax took £76,000 less at £172,000.

division very strong growth was achieved in industrial adhesives and sealants, especially from the double glazing industry and the Spinaker range of yacht varnishes also made a good contribution.

The Hifo adhesives and sealant business started production in Stafford at the end of May and should make a meaningful contribution to profits in the next financial year.

The roofing and insulation division's order book remains relatively strong and the production of tekurak in Telford should start by late autumn. Stafford Roofing and Tiling, acquired in March, has made a small contribution to profits to date.

In the paints and plastics sector profitability showed a marked improvement. There was significant further growth in powder coatings and the 22.5m acquisition of D. Worrall and Sons should materially improve the group's UK market share for

figures only underlines the importance of its diversification into industrial coatings and adhesives. For the rest of the problem is in the DIY trade which probably accounts for about half of profits. Prices of Evode's petrochemically derived raw materials were driven up very sharply in the DIY trade, which probably accounts for about half of profits.

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Mr A. H. Simon, the chairman, said in his last statement that vigorous development of the group was planned, both organically and by acquisition.

Various new product activities were also planned for the current year, including a new range of ecologically safe fishing products.

General levels of trading during the opening quarter had been at planned levels and it was believed that the group would make further progress over the whole year.

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Relyon tops £1m at the interim stage

First half profits before tax of the Relyon Group improved by £45,000 to £1,088,000 and the company engaged in the manufacture of mattresses and divans, is effectively raising its net interim dividend from 1.541p to 1.65p.

Results bear out the optimism expressed by Mr John Smith, the chairman, in his last statement.

He tells shareholders now that the second half has been well and that with a sound order book he is confident the group will continue to prosper during the period.

Referring to the interim figures, which covered the six months to June 30 1984, Mr Smith says viewed against the background of the depressed furniture sector they were a noteworthy achievement.

Turnover improved from £8.25m to £9.72m and operating profits emerged at £930,000, compared with £798,000. Tax took £500,000 (£537,000) to leave net profits £81,000 ahead at £276,000.

Earnings per 25p share amounted to 4.88p, against a previous 4.19p.

Grosvenor Square Props. meets forecast with £1m

IN LINE with the forecast made by Grosvenor Square Properties at the time of entry to the USM last January, pre-tax profits rose from £739,000 to £1,058,000 for the year to the end of March 1984.

Also, as forecast, a single final dividend of 3p has been recommended.

In their prospectus, the directors expected profits before tax to be not less than £1m.

The directors now say they are looking forward to 1985 with confidence and on the basis of the present level of activity and profitability, they intend to recommend the dividend for 1984 to be increased by 10 per cent.

Earnings per 10p share are shown as rising from 12.26p to 14.96p.

The directors say a site has been secured in Marylebone Road, London, where a 50,000 sq ft high quality air conditioned office building is to be constructed. It is now the headquarters of St Dunstons.

Shopping is forming a more important part of the group's development programme for the future. A two-and-a-half acre site has been acquired in

Wordnet Intl. aims for USM float

The directors of Wordnet International have requested Hill Wagoner and Company to make an over-the-counter market for the ordinary shares of the company pending its ultimate application for a USM flotation.

Since the offer for sale in April by Yellowston Investments of 1.8m ordinary shares of 5p at 50p per share, occasional deals have taken place in Wordnet's shares under the provisions of Rule 163 (2). At 60p per share the company is capitalised at £2.88m.

Wordnet International is the holding company of a London-based group engaged in the design, manufacture and distribution of computer equipment specifically designed to add on to standard electronic typewriters.

The company was founded by its managing director Mr Richard Crown and began operating in June 1982.

For the first year the group incurred a loss of £450,000, which was due primarily to substantial start up costs in both research and development. For the current year pre-tax profits of not less than £350,000 are forecast.

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F.H. Tomkins advertisement. Pre-tax profits up 49%. Earnings per share up 38%. Summary of Results for year ended 29 April 1984 and 1983. Record profits and earnings. Dividends increased by 20% - the highest ever paid.

Jaguar share allocations

Valid applications totalling some 320,000 were received for over 1.48m Jaguar shares, 8.3 times the number of shares to be offered for sale.

Between 3,500 and 6,000 shares—300 shares; between 3,500 and 4,000 shares—400 shares; between 4,500 and 5,000 shares—500 shares; between 5,500 and 6,000 shares—600 shares; between 6,500 and 7,000 shares—700 shares; between 7,500 and 8,000 shares—800 shares; between 8,500 and 9,000 shares—900 shares; between 9,500 and 10,000 shares—1,000 shares; between 10,000 and 15,000 shares—1,500 shares.

BOARD MEETINGS table with columns for Company Name, Date, and Notes.

Higher gold income helping Benguet

WHILE fortunes of the mining industry in the Philippines are mixed, it is helped, at least, gold income to help Benguet.

The total for the first half of this year is brought to P205.12m.

Of the second-quarter total, P205.12m came from the company's gold mining operations. P205.12m was derived from gold trading and P205.12m from its share of earnings of its engineering subsidiary.

Benguet has backed out of an earlier plan to go to Court to test the legality of a Government rule which requires prior approval of the Trade and Industry Ministry for all copper concentrate exports.

Benguet for exporting concentrates to Japanese buyers unless the company first delivers 3,500 tonnes of copper concentrate to Philippine Associated Smelting and Refining Corporation (Pasar).

Meanwhile the troubled Marinduque Mining and Industrial Corporation has announced that despite the foreclosure on its assets by two Government banks, Development Bank of the Philippines and Philippine National Bank, it would continue its nickel mining and cement-making operations.

The foreclosure was intended only to protect the banks' exposure in the mining firm, estimated at P205.12m, and to protect other bank and non-bank creditors from making any claims on the plant and other facilities of Marinduque.

The ministry recently stopped that it would consider reopening the mine at the end of this year depending on the prevailing economic conditions.

MINING NEWS IN BRIEF

THE U.S. Hanna Mining, iron ore, nickel and energy group reports a second quarter net profit of \$8.4m (£5.5m) which brings earnings for the first half of the year to \$9.5m, or 82 cents per share, compared with a loss of \$19m in the first half of 1983.

The East Driefontein gold mine of South Africa's Driefontein Consolidated in the Consolidated Gold Fields group has been awarded a five-star safety rating by the Chamber of Mines. It reached 1m fatality-free shifts on July 26.

COMPANY NEWS IN BRIEF

The shares of R. H. Morley fell 2p to 55p yesterday on news that this maker of polythene bags is ending its shareholders for £0.5m of new money. Morley has launched a one-for-two rights issue at 40p per share. The cash raised, £460,000 after underwriting and other expenses, will be used to partly finance a modernisation of the company expansion lines and to reduce the company's borrowings.

closed oversubscribed yesterday. The basis of allotment will be announced today, and dealings are expected to begin on Friday.

Monk & Company, p.l.c. advertisement. Summary of Results for year to end February 1984 and 1983. Group turnover 99,500, Profit before tax 3,130, Dividends 702, Earnings per share 22.5p, Net assets per share 153p, Dividends per share 6.5p.

Granville & Co. Limited advertisement. Table with columns for Company, Price Change, Gross Yield, P/E, Fully Paid, Actual Cash.

NOTICE AMENDMENT AND FINAL EXTENSION Pengo Finance N.V. Amends and Extends its Offer to Exchange its Class A Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991 and its Class B Non-Interest Bearing Convertible Senior Subordinated Guaranteed Debentures due 1991 for its 8 1/2 per cent. Convertible Subordinated Guaranteed Debentures 1995. REQUESTS FOR ASSISTANCE AND COPIES OF THE CURRENT OFFERING CIRCULAR AND LETTER OF TRANSMITTAL SHOULD BE DIRECTED TO THE EXCHANGE AGENT AS FOLLOWS: MR. RICHARD-CREWS, CHEMICAL BANK, 180 STRAND, LONDON WC2R 1ET. TELEPHONE NUMBER: (COLLECT), 01-379-7474, TELEX NUMBER: 264766 (ANSWER BACK CHEMBK G). THE FINAL EXTENSION OF THE EXCHANGE OFFER EXPIRES AT 10:00 P.M. LONDON TIME, (5:00 P.M. NEW YORK TIME) ON AUGUST 7, 1984. July 25, 1984.



BIDS AND DEALS CONTRACTS

EMAP gains bigger share of trade magazine market

BY WILLIAM DAWKINS

East Midlands Allied Press (Emap), the fast-expanding provincial newspaper and magazine group, has made an agreed offer for MacLaren Publishers, a Croydon-based trade and technical magazine company.

Emap is offering approximately 100,000 shares in MacLaren's trading profits for the year to end December, plus £1.5m for its cash and liquid funds, subject to a top limit of £10m. It is unlikely that the total consideration, which will be paid in cash or Emap shares, will be less than £8m.

MacLaren owns 14 trade and technical titles, servicing the bakery, office equipment, rubber and audio industries among others, and organises seven associated exhibitions.

Amos Hinton bid 'imminent'

BY TERRY GARRETT

AN AGREED BID for Amos Hinton appears imminent following the company's request for a temporary suspension of its shares yesterday morning.

The suspension comes three weeks after the Cleveland-based supermarket and off-licence group told shareholders that it was in discussions which might lead to a merger.

Any bid with a hope of success must have the backing of the Hinton family. The supermarket group is one of the few companies on the Stock Exchange which retains family voting control via a limited number of non-quoted founder shares carrying a disproportionate number of votes.

James Capel plays down suggestions of sell-off

BY ALEXANDER NICOLL

James Capel, stockbroker, yesterday played down suggestions that he was about to arrange the sale of a stake in the firm to an outside shareholder.

Capel ranked top last week in Continental Illinois' annual survey of stockbrokers' analysts, and is one of the few large brokers who have not yet arranged a capital injection designed to make them competitive when traditional barriers between broking and market-making break down.

Fenner dividend promise

J. H. Fenner, seeking to ward off a bid from Hawker Siddeley, is promising shareholders a dividend increase next year, and making no estimate of the current year's dividend.

For the year to last September, it paid a net 5p against 9p in the previous year. For the year beginning next month, it is forecasting 7.5p. But the miners' strike makes it impossible to estimate a dividend for the current year.

BIDS AND DEALS IN BRIEF

Ward and Goldstone has sold the fixed assets, patents and stock of its security products Fenner division to the Security Electronics for £250,000 cash subject to stock adjustment.

Charlton Indust. have been received for 7.43m shares, (98.87 pence) and 51.22 per cent respectively.

Epsley Trust plans divestment

BY RAY MAUGHAN

Epsley Trust, the property and construction group now evolving as an industrial holding company, is at an advanced stage of negotiations for the sale of a substantial part of its UK property interests.

The accounts show that net worth of £24.7m excluding secured loan stock is supporting short and medium term overdrafts and loans of £33.6m. However, after giving effect to post-balance sheet property disposals, net debt reduces to £23.7m. It remains Epsley's stated objective, Mr Shuck continues, that there should be a progressive reduction in borrowings.

Mr Ronald Shuck, chairman, tells shareholders that Epsley had anticipated a decline in UK institutional investment in property and "it is my view that existing investment properties show little prospect of real rental and capital growth, certainly for the foreseeable future."

Fixed assets take in a £9.1m balance on investments, net of losses which, in turn, includes unlisted investments worth £3.14m. Epsley has sold a substantial portfolio of investment properties to a third party and the consideration was partly cash and partly dependent on the realisation and net income of the properties over a period of up to 21 years.

Charlton Indust. have been received for 7.43m shares, (98.87 pence) and 51.22 per cent respectively.

Ordinary shares held, together with the acceptances amount to 27.21m 199.96 per cent.

VS TECHNOLOGY GROUP has appointed Mr J. P. Johnson as chairman, Mr Johnson is former chairman of TIG Group, and is currently chairman of ERA Technology.

SLS ENVIRONMENTICS has made the following appointments: Mr Donald Sim, formerly managing director, has been appointed vice-chairman with responsibility for development.

Mr Graham Smart has been appointed director of marketing, and Mr Peter Ullathorne director of production.

Mr Jeff Harrison has been appointed finance director of VES and has joined the main board as an executive director. He is finance director of the Micro Consultants Group, a major subsidiary of UEL.

Multi-million oil rig technology agreement

ITM (OFFSHORE), Middlesbrough, has signed a multi-million pound licensing agreement with Baker Marine Corporation of Texas. The company says the agreement is expected to create over 200 new jobs in the North East and is valued at more than £100m per annum.

The agreement covers the supply of technical know-how and American transfer technology for the construction by ITM of self-elevating mobile oil rig platforms, platform rigs, drill ships and accommodation pack-ups for the offshore oil industry.

Work on the first £20m self-elevating mobile platform began yesterday at the recently acquired ITM Head Wrightson heavy engineering complex. Assembly of complete sections will be carried out at ITM's Normanby Wharf installation.

Work on the £650,000 contract has started and is due for completion in October.

A £250,000 project to build changing rooms and clubroom for the East London Marine Venture has also been awarded and is scheduled for completion in March 1985.

The third contract, worth £240,000 is for construction of a 384 metre brick wall, including special coloured arches and plinth features, topped by precast concrete coping units.

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APPOINTMENTS

New chief at Heron Motor

HERON MOTOR GROUP has appointed Mr Colin Robinson, managing director. He joins the company from Cape Industries, where he has been managing director since 1981.

Mr Donald T. Barnes, has been appointed managing director of newly-established information systems consultancy AIRWAY INFORMATION SYSTEMS.

Mr David Renshaw, north west regional director for the Department of the Environment and Transport, is to take over as head of the MERSEYSIDE TASK FORCE.

Mr F. Roger Barra, chief executive of Smiths Industries, has been appointed a non-executive director of PILKINGTON BROTHERS.

Mr John Duxton has been appointed managing director of MARDON FLEXIBLE PACKAGING, a member of the Mardon Packaging Group.

Mr Malcolm Cooper has been appointed general manager of Jointine Products, North Yorkshire, a WIGGINS TEAPE company.

Mr Roger Nex has returned from Singapore where he was a resident director of Bassett and Oscar Faber Pte. He has been appointed director of FABER CONSULTING ENGINEERS.

Mr James Moffat has been appointed managing director of WEDGWOOD, following the retirement of Mr Peter Williams, deputy chairman and joint managing director.

Mr John Mawhinney is joining the main board as deputy managing director of TRIDENT LIFE ASSURANCE COMPANY.

EMSTAR Energy Management Services Technology and Resources, part of Shell UK, has appointed Mr John Ashcroft, marketing director, as chairman.

Mr Robin Duff will become chairman of the AIR TRANSPORT USERS' COMMITTEE on January 1.

Mr John Mawhinney is joining the main board as deputy managing director of TRIDENT LIFE ASSURANCE COMPANY.

SLS ENVIRONMENTICS has made the following appointments: Mr Donald Sim, formerly managing director, has been appointed vice-chairman with responsibility for development.

Mr Kenneth Hutton is to be the managing director of PETERBOROUGH DEVELOPMENT CORPORATION from December.

Mr John Mawhinney is joining the main board as deputy managing director of TRIDENT LIFE ASSURANCE COMPANY.

Mr Julian Masters, sales and marketing manager, has been appointed to the board of BICK HARGREAVES AND CO. Bick is a wholly-owned subsidiary of the EIS Group.

BANK LEUMI (UK) has made the following appointments: Michael Levine, formerly manager of the Edgware branch, becomes manager of the West End branch.

Mr Charles Reece, research and technology director of ICI, has joined the board of APV HOLDINGS as a non-executive director.

BASE LENDING RATES table with columns for bank names and interest rates.

LADBROKE INDEX table with columns for bank names and interest rates.

London & Overseas Freighters PLC advertisement including company details and share information.

Handwritten signature or scribble at the bottom of the page.



THE MANAGEMENT PAGE: Small Business.

EDITED BY CHRISTOPHER LORENZ



John Flowers Williams (left) and Jack Lang: bikes and coffee Ashley Ashwood

A relaxed thinktank

Peter Marsh explains why Topexpress fosters academic links

"THE WORLD," says Jack Lang, director of a small UK company called Topexpress, "is composed of two sorts of people. There are those who like to go to work in a car and arrive at a big headquarters building. And there are those who prefer to travel by bike and go shopping at lunchtime. While they are at work, the second type like to drop in on colleagues, have a chat and drink a cup of coffee." Lang's organisation caters expressly for this second group of people. The company earns some £2m a year by selling consultancy services in computer technology. At any given time, it may be working on a couple of dozen projects, some of which involve the analysis of sound vibrations from engines or the calculation of safety margins for nuclear reactors. The main tools of Lang's staff of 40 are powerful computers dotted around the company's six small offices, all a few hundred yards from each other in the centre of Cambridge. The atmosphere is free and easy. Staff wander in and out, some of them to part-time teaching jobs at the university. Each of the individual offices — the company has rented further space as it grew — has a coffee room in which employees can spend half an hour away from the computer screen. The company dispensed with a permanent accountant some time ago. Instead, Lang, who is 38, employs a person to check over the company's finances once a quarter. Even the organisation's title reflects this relaxed approach. Topexpress was bought "off the shelf" from an organisation that registers company names when Lang started the business six years ago.

Study urges moves to improve small business skills

BRITAIN'S Chambers of Commerce should be given legal status and some state financial support. Membership, or at least registration, should be compulsory for all enterprises in each of the country's areas. This would provide a basis for accelerating the currently slow process of rationalisation among Britain's trade associations and the introduction by associations of tests of technical and business competence of firms as a condition of membership. These are among the recommendations made in a study published last week comparing "craft enterprises" in the UK and West Germany. The study, written by Alan Doran of the Economist Advisory Group for the Anglo-German Foundation, paints a vivid picture of the fragmented nature of Britain's small and medium-sized company sector and the dearth of information and statistics, in contrast with the highly structured situation in West Germany, where a wealth of data gives an insight into the contributions of different "craft" sectors and their relative contributions to the German economy. The overall objective of changes recommended, says the author, is "to bring up small skill-intensive businesses in the UK to a new technical and entrepreneurial competence, at the same time allowing them to contribute more effectively to the skill format of the new entrants to the labour force."

Banking

The study suggests that the decentralised and fragmented banking system in Germany helps to serve the needs of local Headwerk firms and that there are "substantial public sector funds" available. In Britain the Big Four banks still dominate the supply of funds to very small firms, and have "only recently" developed particular marketing approaches. It is also argued that German banks over their British counterparts: one, they have greater local knowledge and discretion on lending; two, the owner of a Handwerk firm will have "trained a high standard of practical and relevant business and technical education (this is required by law before anyone can start such a firm). While each bank is to judge entrepreneurial skill, character and soundness of project, the British bank manager "usually has also to try and evaluate the technical and business skills of his client." Craft Enterprises in Britain and Germany: a sectoral study. Available from the Anglo-German Foundation, 17 Bloomsbury Square, London WC1A 2LP, price £9.50.

In brief...

ARC, which for over a decade has channelled skills of business and industry into local community projects and small business advice centres, mainly through secondment, has arranged the secondment of Dr Peter Hora from ICI to be first director of the new Whitley agency. Dr Hora is product and market development manager with ICI petrochemicals and plastics division at Wilton. A DIRECTORY of non-retail businesses, designed as a source-book for local products and services, has been launched by the Northamptonshire Chamber of Commerce and Industry. The directory gives details of 3,000 companies of all sizes. The NCCI has made the directory open to every non-retail business free of cost, and further entries, also free of cost, will be available to eligible companies who make themselves known. Those included get a free copy, with further copies available at half-price. The first edition cost. Available from Simon Sperry, chief executive, NCCI, 65 The Avenue, Cliftonville, Northampton NN1 5BG. Price £5 in those not included. PRIZE-WINNERS just announced in two separate small firm competitions in voice activities normally far removed from one another. Angela Searle and Sarah

Today the company employs 20 people and in spite of its increasing business, it is negotiating with English Estates to take over an additional 3,000 square feet of units.

Management abstracts

The burden on the small business, I. H. Davison in Certified Accountant (UK), Sept. '83. Looks at the complaint that disclosure requirements place unnecessary burdens on small companies, and examines accounting standards which could affect small businesses; suggests that some will have no practical effect, while others are necessary, argues that the revised version of the inflation accounting standard must apply to all companies, irrespective of size. Balancing the family and the business, P. G. Holland in Business Horizons (U.S.), March-April '84. Describes the characteristics of the family business and the family constraints which can affect business operations; points to likely areas of conflict, and suggests that effective managers in companies concerned are those able to assess their own power bases. Accountants for small businesses, P. Chaplin in Accountancy Age (UK), Feb 23 1984. Advises shopping around, obtaining "sales pitches" and quotations, choosing horses for service is not up to scratch. Redressing management education and training resources, G. Meredith in International Small Business Journal (UK), Spring 1984. Argues that many programmes aimed at the smaller business sector fail to identify their target audiences, and use inappropriate materials and methods of presentation; recommends that training programmes should be geared to small business needs, and that experience and competent presenters/relevant curricula and teaching methods are critical to success. Training for the small retail business, D. Kirby in International Small Business Journal (UK), Spring 1984. Discusses the plight of smaller retailers, particularly in rural communities, and reports on the results of an experimental training and advisory service offered to retailers in mid-Wales. Concludes that such courses can help improve the viability of small traders in both rural and urban areas, enhance managerial efficiency, reduce costs and provide a better understanding of stock control, pricing, layout, and sales promotion. These abstracts are condensed from the abstracting journals published by Anbar Management Publishers. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, P.O. Box 23, Wembley HA9 8DU.

Business Opportunities

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Collins-Wilde Associates Ltd. Agents Tower, Stockbridge, Hampshire SO20 8JF, England Telephone: 0256 870410 - Telex: 477104

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Italy takes plunge into floating rate note pool, Page 30

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Tuesday August 7 1984

NEW YORK STOCK EXCHANGE 20-22 AMERICAN STOCK EXCHANGE 21-22 U.S. OVER-THE-COUNTER 22, 30 WORLD STOCK MARKETS 22 LONDON STOCK EXCHANGE 23-25 UNIT TRUSTS 26-27 COMMODITIES 28 CURRENCIES 29 INTERNATIONAL CAPITAL MARKETS 30

WALL STREET

Further strength displayed

WALL STREET opened for trading with a further rush of buying orders yesterday, and stocks chalked up another round of substantial gains before a sudden withdrawal of buying support in the latter part of the session left prices little changed from their pre-weekend levels, writes Terry Byland in New York.

Turnover remained very heavy, and there were signs that retail buyers had followed the institutions into the market. The bout of profit-taking was hardly unexpected after the strength of the previous three trading sessions, and the Dow 1200 mark proved a resistance level.

The bond market, however, fell by more than a full point ahead of this week's auctions of \$18.75bn of Treasury securities.

The Dow Jones industrial average, more than 21 points up at one time, closed with a net gain of 0.88 at 1,202.96. Volume of 204.6m shares was down from Friday's 236.6m but still the second highest daily total on record.

In the stock market, the NYSE ticker tape often lagged behind the trading

floor by 20 minutes or more, indicating a preponderance of small share deals, a sign that private investors were active. Turnover on the American Stock Exchange, where private investors play a dominant role, reached an all-time record of 4.9m shares in the first hour.

Market strategists were hesitant to describe the upturn in stocks as a new bull market but most urged their clients to take advantage of a strong rally which could continue for several months. However, the stock market would still like to see a further fall in yields in the bond market.

IBM and Ford Motor stood out strongly, and there was further demand for stocks in the airlines, railways and brokerage houses. Merrill Lynch topped the active list in early trading, jumping by \$1 1/2 to \$33 1/2 after news that it is offering to acquire Becker Paribas, the Wall Street securities trading firm owned by Paribas, the nationalised French bank.

A further gain of 5% took IBM to \$123 1/2 representing a recovery to the levels of early January when the stock market was touching its all-time peak. IBM stock peaked at \$134 1/2 in February.

With car sales still booming, Ford Motor jumped \$2 to \$44 1/2, and General Motors at \$75 showed a similar gain. Chrysler lagged slightly at \$30 1/2, a gain of 5%.

Airline issues continued to soar, led again by AMC (American), which put on \$2 to \$32 1/2 in heavy turnover. Delta at \$35 1/2 gained 5%, and United at \$41 1/2 put on \$1 1/2.

Among stocks likely to benefit quickly from lower interest rates, American Express added 5% to \$33 1/2 in heavy turnover. Sears, with substantial finance in-

terests, was selected and gained \$1 1/2 to \$36.

In the bond market, which faces a major test on Thursday when the Treasury will auction \$4.75bn in 30-year bonds, yields began to move up in nervous trading. Pre-auction trading saw the yield on the issue at 12.60 per cent. The three-year Treasury note due for auction today was offered on a yield of 12.45 per cent, after dipping to 12.34 per cent on Friday when the World Bank was believed to be a buyer of \$1bn of the \$6.5bn for sale. The seven-year notes for auction tomorrow offered a 12.85 per cent yield.

The short end remained very firm behind a federal funds rate of 11 1/2 per cent. Three-month Treasury bill rates added seven basis points to 10.58 per cent, and six-month bills four basis points to 10.65 per cent. Money market rates rose by around 10 basis points.

LONDON

Old worries come back to the fore

AN ATTEMPT to extend last week's spectacular advance in London lacked conviction yesterday as market values reacted from enhanced opening levels.

The favourable effects of Wall Street's performance on Friday were negated by concern over renewed uncertainty in the oil markets, aroused by reports of falling crude oil prices and a slipping sterling exchange rate against the dollar. The FT Industrial Ordinary index mirrored the day's movements, rising 3.1 initially before closing a net 1.1 down at 830.3. The FT-SE 100 turned 3.8 lower to 1,061.4.

Among oils, BP moved 7p down to 448p, Lasso was 8p off at 272p and Ultramar shed 10p to 235p. Moving against the trend were Debenhams and Home Charm in stores, both 8p higher at 182p and 148p respectively, while recent North American favourite ICI moved 12p to 598p.

Profit-taking was a major factor in the retreat in government securities. Consideration of the latest £1bn funding brought pressure to bear on shorts with falls stretching to 1/2. Index-linked issues, however, benefited from hedging against higher inflation and achieved gains extending to 1/2.

Chief price changes, Page 22; Details, Page 23; Share information service, Pages 24-25.

HONG KONG

CONFIDENCE over the future of the colony buoyed Hong Kong investors, the Hang Seng index pushing past the psychologically important 900 barrier with a rise of 8.87 to 903.47.

Although hopes that local interest rates might be cut proved premature, most industrial leaders gained during the session. Cheung Kong was 10 cents up at HK\$8.15, Hutchison Whampoa rose 20 cents to HK\$10.70 and Jardine Matheson improved 15 cents to HK\$7.25.

A strong performance was recorded by Hongkong Telephone, up HK\$1.25 to HK\$42.25, while Hongkong Land, at HK\$2.87, was one of the few shares to finish unchanged.

AUSTRALIA

BULLISH sentiment from abroad encouraged Melbourne investors to extend last week's rally with a further 23.7 point rise in the All Ordinaries index to 738.6. The closure of the Sydney exchange for a local bank holiday depressed trading volume, however.

BHP led the advance with a 50 cent gain to A\$10.85, and CSR improved 20 cents to A\$3.50. The oil and gas sector was firmer as Santos rose 28 cents to A\$5.90, and Ampol Exploration 10 cents to A\$2.90.

SINGAPORE

PERSISTENT buying support boosted Singapore higher yesterday with the Straits Times index gaining 29.51 to 994.87, the best single-day advance in three years. Turnover hit a record 39.6m shares.

OCCB put on 60 cents to S\$10.60 as the bank reported a 7.87 per cent rise in six-month net profit to S\$68.3m. Other banks improved, with UOB 27 cents firmer at S\$5.25 and Malayan Banking 35 cents ahead at S\$9.30.

SOUTH AFRICA

PROFIT-TAKING trimmed early gains among Johannesburg gold shares as the stronger bullion price firming sentiment.

Buffs held on to a R4.50 rise to R72.75, while Hartbeestfontein added R2 to R10 and Vaal Reefs closed 50 cents firmer at R157.

Mining financials and other mining stocks reflected the gold trend with De Beers 35 cents up at R9.15.

CANADA

THE MAJOR market indices in Montreal showed continued firmness despite the closure of the other Canadian exchanges.

Base metal mining and mineral groups made steady progress with the industrials and forest product sectors moving ahead. Banks and utilities managed to score more modest rises.

TOKYO

Blue chips fade despite strong rally

SPURRED by the strong rally on Wall Street late last week, the Tokyo market advanced for the fourth straight session yesterday, although buying of blue chips weakened slightly, writes Shigeo Nishiwaki of Jiji Press.

Demand for electricals and precision instrument issues lost momentum, but motor manufacturers and related issues, together with incentive-backed speculatives continued to be sought.

The Nikkei Dow market average added 45.97 to 10,431.08, gaining 482.69 points over the past four trading days. But volume dwindled to 244.7m shares from last Friday's 364.35m. Advances led declines 340 to 297, with 132 issues unchanged.

The bullish tone had persisted in early trading yesterday, but recent rapid rises in prices discouraged buying of blue chips. Investors became generally inactive, awaiting a further lead from Wall Street.

There was also concern about non-residents' portfolio investment in Japanese stocks. Non-residents have been net sellers for six months, with their net sales of issues listed on the first and second sections of the Tokyo stock exchange reaching Y1,702.9bn.

However, foreign purchase orders placed with major securities companies began to outpace sales in the latter half of last week, raising investor expectations that foreigners would return as net buyers.

Although the popularity of blue chips faded, Honda Motor advanced to another all-time high of Y1,490, up Y80 from last Saturday, on volume of 14.87m shares, the day's largest. The increase reflected the motor manufacturer's strong passenger car sales in the U.S. Toyota rose Y30 to Y1,480, and Nissan Motor Y17 to Y641 in sympathy.

Also sought were motor parts makers. NGK Insulators firmed Y35 to hit a record high of Y855, with the day's second busiest turnover of 8.59m shares, followed by Stanley Electric, which added

Y20 to Y819, with 6.21m shares, the third largest.

The bond market firmed. Two major trust banks placed buy orders for 7.3 per cent government bonds due December 1993 worth about Y10bn each to push down the yield sharply to 7.50 per cent from 7.57 per cent.

However, the yield slide encouraged profit-taking by some city banks, boosting the yield on the barometer 7.5 per cent government bonds maturing in January 1993 to 7.26 per cent from 7.25 per cent.



EUROPE

Hesitancy puts check on advance

INVESTORS in many European centres paused for breath yesterday amid expectations that the strong advances built on the back of Wall Street's performance in the latter part of last week could not be sustained.

There was also a widespread view that New York was unlikely to continue its rapid improvement for another session, and this was reflected in profit-taking which left shares on many bourses off their best levels of the day.

In the event, Wall Street's continued strength during the early part of its session, while European markets were trading, was seen as a vindication for those investors who continued as buyers.

However, analysts predicted that the European advance, based on improved

sentiment rather than any change of market fundamentals, was now likely to take a more measured tone than has been seen in recent sessions.

Early gains in Frankfurt were trimmed in the absence of follow-through buying orders from abroad, and the Commerzbank index added 4.4 to 978.6, though turnover fell back sharply from the levels seen on Thursday and Friday.

Department store chain Horten added DM 6 to DM 171 amid BAT Industries interest in the shares. Other stores also improved with Karstadt up DM 1.70 to DM 232.70 and Kaufhof DM 7 to DM 216.

The recently strong motor and banking sectors were easier.

Bonds were modestly higher though turnover was fairly low with banks having restocked portfolios in more active trading last week and institutional investors yet to take up new positions. The Bundesbank sold a moderate DM 55.9m of domestic paper to balance the market after providing DM 65.4m worth last Friday.

Amsterdam was also unable to hold on to the full benefit of opening gains, although the ANPCBS General index added 2 to 150.4 in volume that failed to match up to expectations.

KLM, which reported that its traffic rose 6 per cent in July, added F1 3.50 to F1 179.50.

Bonds were steady to slightly higher in a quietly traded market, dominated by institutional investors.

Brussels was again firmer, although trading volume was restrained.

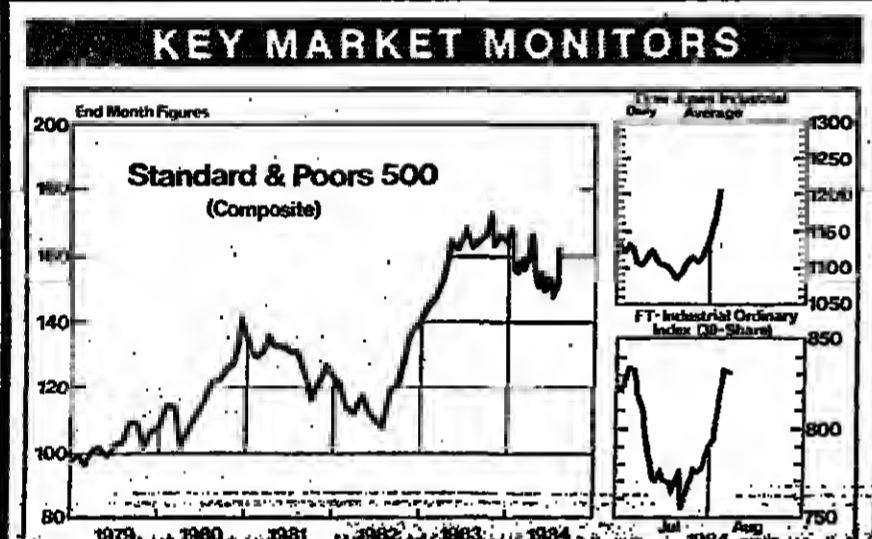
One of the larger advances was recorded by the UCB chemical group, which gained BFr 220 to BFr 4,750.

A mixed performance was seen in Paris, although the undertone remained firm. One of the strongest performers was Penarroya in minings, adding FFr 3.20 to FFr 53.40, while in the easier chemicals sector, Roussel-Uclaf shed FFr 40 to FFr 1,240.

Solid gains were seen in Zurich, with Swissair up SwFr 18 to SwFr 970 as enthusiasm for the share rose amid lower oil prices.

Industrials led a sharp rally in active Milan trading. Fiat climbed L175 to L4,335, and Montedison L27 to L1,163. Olivetti added L175 to record high of L5,735. Bonds were mixed in less active trading.

Madrid and Stockholm were both higher in fairly active trading.



STOCK MARKET INDICES

Table with columns: NEW YORK, DJ Industrials, DJ Transport, DJ Utilities, S&P Composite. Values for Aug 6, Previous, and Year ago.

Table with columns: LONDON, FT Ind Ord, FT-SE 100, FT-A All-share, FT-A 500, FT Gold mines, FT-A Long gilt. Values for Aug 6, Previous, and Year ago.

Table with columns: TOKYO, Nikkei-Dow, Tokyo SE. Values for Aug 6, Previous, and Year ago.

Table with columns: AUSTRALIA, All Ord, Metals & Mins. Values for Aug 6, Previous, and Year ago.

Table with columns: AUSTRIA, Credit Aktien. Values for Aug 6, Previous, and Year ago.

Table with columns: BELGIUM, Belgian SE. Values for Aug 6, Previous, and Year ago.

Table with columns: CANADA, Toronto Metals & Mins Composite, Montreal Portfolio. Values for Aug 6, Previous, and Year ago.

Table with columns: DENMARK, Copenhagen SE. Values for Aug 6, Previous, and Year ago.

Table with columns: FRANCE, CAC Gen, Ind. Tendence. Values for Aug 6, Previous, and Year ago.

Table with columns: WEST GERMANY, FAZ Aktien, Commerzbank. Values for Aug 6, Previous, and Year ago.

Table with columns: HONG KONG, Hang Seng. Values for Aug 6, Previous, and Year ago.

Table with columns: ITALY, Banca Comm. Values for Aug 6, Previous, and Year ago.

Table with columns: NETHERLANDS, ANP-CBS Gen, ANP-CBS Ind. Values for Aug 6, Previous, and Year ago.

Table with columns: NORWAY, Oslo SE. Values for Aug 6, Previous, and Year ago.

Table with columns: SINGAPORE, Straits Times. Values for Aug 6, Previous, and Year ago.

Table with columns: SOUTH AFRICA, Golds, Industrials. Values for Aug 6, Previous, and Year ago.

Table with columns: SPAIN, Madrid SE. Values for Aug 6, Previous, and Year ago.

Table with columns: SWEDEN, J & P. Values for Aug 6, Previous, and Year ago.

Table with columns: SWITZERLAND, Swiss Bank Ind. Values for Aug 6, Previous, and Year ago.

Table with columns: WORLD, Capital Int'l. Values for Aug 6, Previous, and Year ago.

Table with columns: GOLD (per ounce), London, Frankfurt, Zurich, Paris (fading), Luxembourg (fading), New York (Aug.). Values for Aug 6, Previous, and Year ago.

CURRENCIES

Table with columns: U.S. DOLLAR, STERLING, Yen, DM, FFF, SwFr, Guilder, Lira, BFr, CS. Values for Aug 6, Previous, and Year ago.

INTEREST RATES

Table with columns: Euro-currencies, 3-month offered rate, SwFr, DM, FFF. Values for Aug 6, Prev.

Table with columns: FT London Interbank fixing (offered rate), 3-month U.S.S, 6-month U.S.S, U.S. Fed Funds, U.S. 3-month CDs, U.S. 3-month T-bills. Values for Aug 6, Prev.

U.S. BONDS

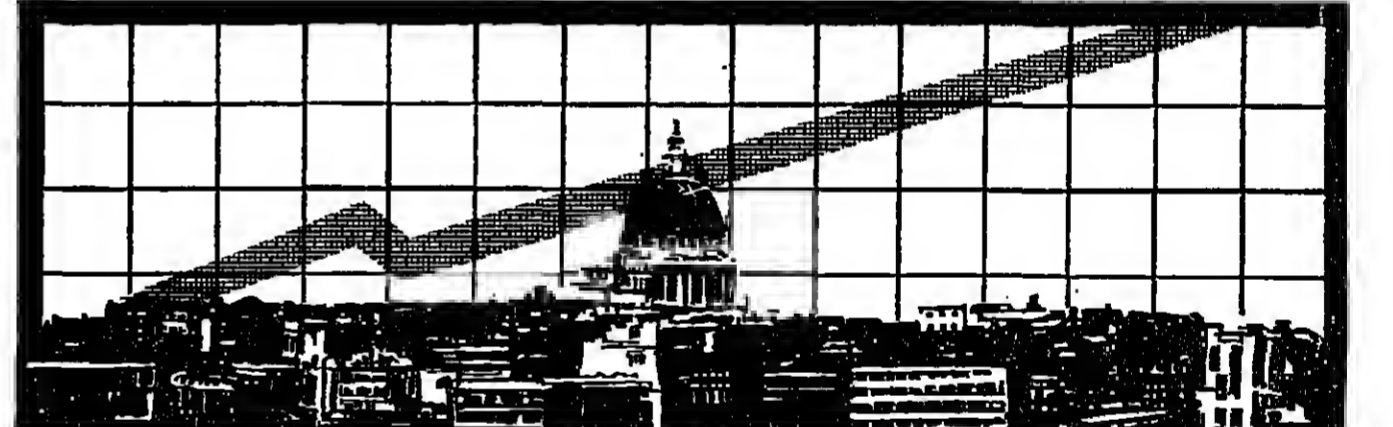
Table with columns: Treasury, Corporate, AT & T, 10% June 1990, 3% July 1990, 8% May 2000, Xerox, 10% March 1993, Diamond Shamrock, 10% May 1993, Federated Dept Stores, Abbot Lab, 11.80 Feb 2013, Aloca, 12% Dec 2012. Values for Aug 6, Prev.

FINANCIAL FUTURES

Table with columns: CHICAGO, U.S. Treasury Bonds (CBT), U.S. Treasury Bills (TBM), Certificates of Deposit (CD), LONDON, Three-month Eurodollar, 20-year National Gilt, £50,000 Shds of 100%. Values for Latest, High, Low, Prev.

COMMODITIES

Table with columns: (London), Silver (spot fixing), Copper (cash), Coffee (July), Oil (spot Arabian light). Values for Aug 6, Prev.



The FT/British Venture Capital Association

Venture Capital Financial Forum

Hotel Inter-Continental, London, 3 & 4 December, 1984

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of American Stock Exchange Composite Closing Prices, organized by stock ticker symbols (A-Z) and including columns for stock name, price, volume, and change.

Continued on Page 22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York Stock Exchange Composite Closing Prices, organized by stock ticker symbols (A-Z) and including columns for stock name, price, volume, and change.

Continued on Page 22

Notes and footnotes regarding the data, including information on non-official prices, high and low values, and dividend declarations.



WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, and Over-the-Counter. Includes columns for stock names, prices, and changes.

LONDON

Table of London market prices including Chief price changes, RISES, and FALLS.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American stock exchange closing prices with columns for stock names, prices, and changes.

NEW YORK STOCK EXCHANGE CLOSING PRICES

Table of New York stock exchange closing prices with columns for stock names, prices, and changes.

ENERGY REVIEW

every Wednesday in the Financial Times

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

Handwritten signature or mark at the bottom of the page.



LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

Attempt to further recent strength fails and markets close slightly easier

Account Dealing Dates

\*First Declared Last Account Dealing Dates... 1984... 1985...

An attempt to extend last week's spectacular advance... London stock market values reacted from enhanced opening levels...

The favourable effects of Wall Street's regained presence... last Friday together with hints of lower domestic interest rates...

Computer concern Alphamerie staged a successful attempt... to buy back shares... United Securities Market...

Leading Buildings fluctuated narrowly before closing virtually unchanged... Secondary issues, however, displayed a few bright spots...

Debenhams below best... Debenhams Stores finished a few pence dearer for choice with sentiment aided by an encouraging review of the sector...

Clearers easier... The major clearing banks opened on a bright note... later drifted back in quiet trading...

On balance at 337p. Among Leasing issues, USM-quoted Baltic Leasing rose 11 to 184p. Composite Insurances turned resistant awaiting the start of the interim dividend season...

Computer concern Alphamerie staged a successful attempt to buy back shares... United Securities Market...

Leading Buildings fluctuated narrowly before closing virtually unchanged... Secondary issues, however, displayed a few bright spots...

Debenhams below best... Debenhams Stores finished a few pence dearer for choice with sentiment aided by an encouraging review of the sector...

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Clearers easier... The major clearing banks opened on a bright note... later drifted back in quiet trading...

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Aug 6, Aug 5, Aug 4, Aug 3, Aug 2, Aug 1, Year Ago. Rows include Government Secs, Fixed Interest, Industrial Ord., Gold Mines, etc.

10 am 834.5, 11 am 823.2, 1 pm 807.7. Basis 100 Gov. Secs. 15/26 Feb Ind. 1208. Industrial 1/235. Gold Mines 12/25/55. SE Activity 17/4.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Index, High, Low, High, Low, Aug 6, Aug 5. Rows include Gov. Secs, Fixed Int., Ind. Ord., Gold Mines.

couple of pence firmer at 276p following the interim statement... Leading Chemicals traded on a regular profit...

Marked up at the outset, leading Electricals 5000 began to drift back on lack of follow-through support... Quotations, however, closed below the day's best...

Chubb advance fresh... Friday's sharp improvement on Wall Street prompted a firm start in the miscellaneous industrial...

favourite Chubb, which closed 12 to the good at 184p. Others to respond to newspaper comment included Metal Closures...

A Press suggestion that Pleasurama may sell its stake in Yellow Casino concern Trident... saw the latter fall to 33p...

Properties generally suffered from a lack of interest, but a few issues managed fresh progress... Hammonds "A" were supported...

Oil lower... Leading Oils put on a disappointing performance... Brent crude was slightly higher but Forties gave ground...

Mines sharply higher... The latest strong showing by the bullion price and a firm opening on Wall Street encouraged...

Chubb advance fresh... Friday's sharp improvement on Wall Street prompted a firm start in the miscellaneous industrial...

Chubb advance fresh... Friday's sharp improvement on Wall Street prompted a firm start in the miscellaneous industrial...

EQUITIES

Table of recent issues with columns: Issue, Price, Change, etc. Includes Alphamerie Sp., Bepol, etc.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns: Issue, Price, Change, etc. Includes Cambridge Water, etc.

NEW HIGHS AND LOWS FOR 1984

Table listing new highs and lows for 1984 with columns: Issue, High, Low, etc.

"RIGHTS" OFFERS

Table of rights offers with columns: Issue, Price, Change, etc. Includes Amul Pet, etc.

ACTIVE STOCKS

Table of active stocks with columns: Issue, Price, Change, etc. Includes BAY Inds, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks with columns: Issue, Price, Change, etc. Includes Beecham, etc.

OPTIONS

Table of options with columns: Issue, Price, Change, etc. Includes Beecham, etc.

RISES AND FALLS YESTERDAY

Table of rises and falls yesterday with columns: Issue, Price, Change, etc.

LONDON TRADED OPTIONS

Table of London traded options with columns: Option, Price, Change, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table of FT-Actuaries Share Indices with columns: Index, Mon Aug 6, etc. Includes Equity Groups & Sub-sections, Fixed Interest, etc.

FIXED INTEREST

Table of fixed interest with columns: Index, Mon Aug 6, etc. Includes British Government, etc.

FT Actuarial Indices are published in the Financial Times, London, ECAP 48Y, price 25p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange with columns: Series, Vol., Last, etc. Includes Gold C, Silver C, etc.

FRIDAY'S ACTIVE STOCKS

Table of Friday's active stocks with columns: Issue, Price, Change, etc. Includes Beecham, etc.

OPTIONS

Table of options with columns: Issue, Price, Change, etc. Includes Beecham, etc.

RISES AND FALLS YESTERDAY

Table of rises and falls yesterday with columns: Issue, Price, Change, etc.

LONDON TRADED OPTIONS

Table of London traded options with columns: Option, Price, Change, etc.



FT LONDON SHARE INFORMATION SERVICE

HOTELS—Continued

Table with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes entries like 'Savoy Hotel', 'Raffles Hotel', 'The Grosvenor Hotel'.

WOLSELEY HUGHES logo and text: 'From Glasgow to Georgia we're growing from strength to strength'.

AMERICANS

Table of American stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Abbott Labs', 'Alcoa', 'Amstar'.

BEERS, WINES—Cont.

Table of beer and wine stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Beck's', 'Carlsberg'.

DRAPERY & STORES—Cont.

Table of drapery and store stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Debenhams', 'Debenhams Group'.

ENGINEERING—Continued

Table of engineering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Baird & Tatnell', 'Baird Group'.

INDUSTRIALS (Misc.)

Large table of miscellaneous industrial stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'ICI', 'Imperial Chemicals', 'Imperial Chemicals Industries'.

BRITISH FUNDS

Table of British funds with columns: Fund Name, Price, % Chg, Div, Yield, P/E. Includes 'Shorts (Lives up to Five Years)', 'Five to Fifteen Years', 'Over Fifteen Years'.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Amey', 'Balfour Beatty'.

ELECTRICALS

Table of electrical stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'British Electric', 'British Electric Industries'.

CANADIANS

Table of Canadian stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Alcan', 'Barrick Gold'.

BANKS, HP & LEASING

Table of bank, HP, and leasing stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Bank of Montreal', 'Bank of Toronto'.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Imperial Chemicals', 'Imperial Chemicals Industries'.

DRAPERY AND STORES

Table of drapery and store stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Debenhams', 'Debenhams Group'.

ENGINEERING

Table of engineering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Baird & Tatnell', 'Baird Group'.

FOOD, GROCERIES, ETC

Table of food, grocery, and other stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Asda', 'Asda Group'.

INT. BANK AND O/EAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues with columns: Stock, Price, % Chg, Div, Yield, P/E.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans with columns: Stock, Price, % Chg, Div, Yield, P/E.

LOANS

Table of various loans with columns: Stock, Price, % Chg, Div, Yield, P/E.

DRAPERY AND STORES

Table of drapery and store stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Debenhams', 'Debenhams Group'.

ENGINEERING

Table of engineering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Baird & Tatnell', 'Baird Group'.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Savoy Hotel', 'Raffles Hotel'.

CORPORATION LOANS

Table of corporation loans with columns: Stock, Price, % Chg, Div, Yield, P/E.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans with columns: Stock, Price, % Chg, Div, Yield, P/E.

LOANS

Table of various loans with columns: Stock, Price, % Chg, Div, Yield, P/E.

DRAPERY AND STORES

Table of drapery and store stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Debenhams', 'Debenhams Group'.

ENGINEERING

Table of engineering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Baird & Tatnell', 'Baird Group'.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Savoy Hotel', 'Raffles Hotel'.

FINANCIAL

Table of financial stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Barclays Bank', 'Bank of England'.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Beck's', 'Carlsberg'.

DRAPERY AND STORES

Table of drapery and store stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Debenhams', 'Debenhams Group'.

ENGINEERING

Table of engineering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Baird & Tatnell', 'Baird Group'.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Savoy Hotel', 'Raffles Hotel'.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Savoy Hotel', 'Raffles Hotel'.

FOREIGN BONDS & RAILS

Table of foreign bonds and rail stocks with columns: Stock, Price, % Chg, Div, Yield, P/E.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Beck's', 'Carlsberg'.

DRAPERY AND STORES

Table of drapery and store stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Debenhams', 'Debenhams Group'.

ENGINEERING

Table of engineering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Baird & Tatnell', 'Baird Group'.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Savoy Hotel', 'Raffles Hotel'.

HOTELS AND CATERERS

Table of hotel and catering stocks with columns: Stock, Price, % Chg, Div, Yield, P/E. Includes 'Savoy Hotel', 'Raffles Hotel'.

Handwritten signature: 'Johnnie L. ...'



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for High, Low, Stock, Price, and % Change.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Telecom, and British Gas, with columns for High, Low, Stock, Price, and % Change.

PROPERTY—Continued

Table of property stocks including companies like British Land, Granada, and News International, with columns for High, Low, Stock, Price, and % Change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture, British Venture, and British Venture, with columns for High, Low, Stock, Price, and % Change.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for High, Low, Stock, Price, and % Change.

NOMURA INTERNATIONAL LIMITED NEW-ERA INVESTMENT AND UNDERWRITING OFFICES WORLDWIDE 1 Greenchurch Street EC IV 6AD Telephone 011 281 8811

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for High, Low, Stock, Price, and % Change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, Rover, and Jaguar, with columns for High, Low, Stock, Price, and % Change.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Leyland Trucks, DaimlerChrysler, and Iveco, with columns for High, Low, Stock, Price, and % Change.

Components

Table of component stocks including companies like Lucas, Bosch, and Delco, with columns for High, Low, Stock, Price, and % Change.

Garages and Distributors

Table of garage and distributor stocks including companies like British Rentacar, Avis, and Europcar, with columns for High, Low, Stock, Price, and % Change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International, Newsprint, and Newsprint, with columns for High, Low, Stock, Price, and % Change.

SHIPPING

Table of shipping stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for High, Low, Stock, Price, and % Change.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Leather, British Leather, and British Leather, with columns for High, Low, Stock, Price, and % Change.

SOUTH AFRICANS

Table of South African stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for High, Low, Stock, Price, and % Change.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles, and British Textiles, with columns for High, Low, Stock, Price, and % Change.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including companies like Newsprint, Newsprint, and Newsprint, with columns for High, Low, Stock, Price, and % Change.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco, British American Tobacco, and British American Tobacco, with columns for High, Low, Stock, Price, and % Change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British Venture, British Venture, and British Venture, with columns for High, Low, Stock, Price, and % Change.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for High, Low, Stock, Price, and % Change.

PLANTATIONS

Table of plantation stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for High, Low, Stock, Price, and % Change.

TEAS

Table of tea stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for High, Low, Stock, Price, and % Change.

MINES

Table of mining stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for High, Low, Stock, Price, and % Change.

INSURANCES

Table of insurance stocks including companies like British Overseas Airways, British Overseas Airways, and British Overseas Airways, with columns for High, Low, Stock, Price, and % Change.

PROPERTY

Table of property stocks including companies like British Land, Granada, and News International, with columns for High, Low, Stock, Price, and % Change.

PROPERTY

Table of property stocks including companies like British Land, Granada, and News International, with columns for High, Low, Stock, Price, and % Change.

OIL AND GAS

Table of oil and gas stocks including companies like British Petroleum, Shell, and ICI, with columns for High, Low, Stock, Price, and % Change.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for High, Low, Stock, Price, and % Change.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo American, De Beers, and Anglo Coal, with columns for High, Low, Stock, Price, and % Change.







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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and investment products, including Liberty Life Assurance Co Ltd, National Provident Institution, and others, with columns for fund names and values.

Table listing insurance and investment products, including Sere & Procter Group, Target Life Assurance Co Ltd, and others, with columns for fund names and values.

Table listing insurance and investment products, including GAL Investments (Nom) Ltd, Capital International Fund S.A., and others, with columns for fund names and values.

Table listing insurance and investment products, including Standard Life Assurance Co Ltd, Overseas Life Assurance Co Ltd, and others, with columns for fund names and values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas investment products, including Artisan Investment Fund SA, Allianz Capital Management Inc, and others, with columns for fund names and values.

Money Market

Table listing money market products, including Money Market Trust Funds, with columns for fund names and values.

Money Market Bank Accounts

Table listing money market bank accounts, including Money Market Bank Accounts, with columns for account names and values.

NOTES

Notes section providing additional information and disclaimers regarding the financial data presented.



COMMODITIES AND AGRICULTURE

Steadier oil price trend maintained

BY RICHARD JOHNS

THE OIL market remained stable if uncertain yesterday in a day of little activity as the buyer-seller rate for September deliveries of Brent Blend, the North Sea reference, stayed steady at \$27.90-\$28.00 per barrel compared with the official selling rate of \$30.

Beet plantings to be raised

BY RICHARD MOONEY

BRITISH SUGAR is to increase the contracted area for beet plantings next year to ensure that UK sugar output does not fall below the quota level qualifying for EEC price support.

Lead stocks decline disappoints market

By John Edwards

LEAD PRICES fell back on the London Metal Exchange yesterday following a much smaller than expected decline in warehouse stocks last week.

Aluminium and zinc values also fell ground in spite of stocks falling again much in line with expectations. However, copper was firmer, encouraged by a bigger than expected decline in warehouse stocks, now at the lowest level since November 1982.

Guyana bauxite aid planned by EEC

BRUSSELS — The European Commission plans to give Guyana's ailing bauxite industry a long-term, low-interest loan to help execute a restructuring plan, the commission said.

Thailand a victim of its tapioca success

BY BOONSONG KTHANA IN BANGKOK AND CHRIS SHERWELL

THAILAND, ONE of the world's few food exporters, faces a problem over tapioca, its second-largest foreign exchange earner after rice.

The expansion has been helped by the plant's own characteristics. It is easy to grow, adaptable, tolerant to drought, not disease-prone and has no fixed harvest time.

The results of all this have been less than impressive. Both Mr Danai Tulsiamba, director-general of the Department of Foreign Trade, and Mr Sukit Wanglee, president of the Thai Tapioca Trade Association, acknowledge that the diversification programme has shown little success so far.

tonnes of surplus tapioca left after sales to the EEC by next year. That makes the search for markets or for alternative uses of the tapioca crop especially urgent if hardship for farmers is to be avoided.

Another idea, now being tried, is to give to exporters who ship a given amount of tapioca to non-EEC markets permission to ship the same amount to the Community. That has already caused some exporters to sell cheaply into new markets in the hope of recouping through the EEC outlet.

Straw surplus could provide fuel says energy expert

BY MAURICE SAMUELSON

INSTEAD OF burning-off or ploughing-in 6.75m tonnes of surplus straw a year Britain's farmers would do better to use it as fuel, says Dr Larry Martindale, a Harwell scientist specialising in energy questions.

Energy Department supplies. Claiming that straw can most effectively be used as a fuel on farms having 160,000 tonnes of surplus straw (100,000 tonnes equivalent) are already burnt, mainly in small boilers for farmhouse heating.

put) is cost-effective even to replace coal rather than oil, though less advantageous on larger boilers. Velocour, Britain's biggest trials this month on various methods of incorporating straw stubble into the soil instead of burning it in the field.

The Potential for Straw as a Fuel in the UK, by Dr L. P. Mortimore, ETSU, Building 156, AERE, Harwell, Didcot, Oxon.

Potato prices fall back

POTATO PRICES fell back further on the London futures market yesterday as traders adjusted assessments of the coming crop after the weekend's heavy rains.

PRICE CHANGES

Table with columns: In tonnes unless stated otherwise, 1984, +/-, Month ago, Aug. 6, +/-, Month ago. Rows include Metals (Aluminium, Copper, Lead, Tin), Oils (Crude, Kerosene, Gas Oil), and other commodities like Wool, Wheat, and Beans.

BASE METALS

Table with columns: Metal, Price, +/-, Business Done. Rows include Copper, Lead, Tin, Zinc, and Aluminium.

SILVER

Table with columns: Metal, Price, +/-, Business Done. Rows include Silver, Gold, and Platinum.

AMERICAN MARKETS

Table with columns: Commodity, Price, +/-, Business Done. Rows include Wheat, Corn, Soybeans, and other US agricultural products.

LONDON OIL

Table with columns: Oil Type, Price, +/-, Business Done. Rows include Amble Light, Dubai, Arab Sea, and other oil grades.

GAS OIL FUTURES

Table with columns: Gas Oil Type, Price, +/-, Business Done. Rows include Gas Oil, Kerosene, and other gas oil products.

RUBBER

Table with columns: Rubber Type, Price, +/-, Business Done. Rows include RSS, SBR, and other rubber grades.

INDICES

Table with columns: Index Name, Value, +/-, Business Done. Rows include FTSE 100, DOW JONES, and other market indices.

GOLD MARKETS

Table with columns: Gold Type, Price, +/-, Business Done. Rows include Gold Bullion, Gold Bars, and other gold products.

LEAD

Table with columns: Lead Type, Price, +/-, Business Done. Rows include Lead Bullion, Lead Bars, and other lead products.

SOYBEAN MEAL

Table with columns: Soybean Meal Type, Price, +/-, Business Done. Rows include Soybean Meal, Soybean Flour, and other soybean products.

MEAT/FISH

Table with columns: Meat/Fish Type, Price, +/-, Business Done. Rows include Beef, Pork, Lamb, and other meat and fish products.

LONDON FUTURES

Table with columns: Commodity, Price, +/-, Business Done. Rows include Wheat, Corn, Soybeans, and other London futures.

ZINC

Table with columns: Zinc Type, Price, +/-, Business Done. Rows include Zinc Bullion, Zinc Bars, and other zinc products.

GRAINS

Table with columns: Grain Type, Price, +/-, Business Done. Rows include Wheat, Corn, Barley, and other grains.

WHEAT

Table with columns: Wheat Type, Price, +/-, Business Done. Rows include Wheat Bullion, Wheat Bars, and other wheat products.

EUROPEAN MARKETS

Table with columns: Commodity, Price, +/-, Business Done. Rows include Wheat, Corn, Soybeans, and other European futures.

NICKEL

Table with columns: Nickel Type, Price, +/-, Business Done. Rows include Nickel Bullion, Nickel Bars, and other nickel products.

WHEAT AUCTIONS

Table with columns: Wheat Type, Price, +/-, Business Done. Rows include Wheat Auctions, Wheat Futures, and other wheat market data.

Supermarket wine disappoints experts

MANY OF Britain's supermarket buyers are buying wine purely on price and regardless of quality, says the Consumers' Association.

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# INTERNATIONAL CAPITAL MARKETS

# WORLD STOCK MARKETS

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for August 6.

U.S. DOLLAR	Issued	Bid	Offer	Change on week	Yield
Alaska Housing 11% 84	100	97 1/2	98 1/2	+0.25	12.82
All American 12% 84	100	107 1/2	108 1/2	+0.25	12.54
Amersal 12% 84	100	97 1/2	98 1/2	+0.25	12.82
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## Italy taps market for \$500m FRN

By Peter Montagnon, Euromarkets Correspondent, in London

ITALY launched its first ever international borrowing in the form of a \$500m floating rate note led by Bank of America International.

The issue comes after months of speculation about Italy's foreign borrowing policy and a heated debate within the Italian Treasury and the Bank of Italy about the wisdom of bringing the Republic itself to the market.

Until now Italy has channelled its external borrowing through its major state sector agencies.

Heavy demand for floating rate notes in the bond markets last week, however, prompted a decision by the Republic to seek funds now. It intends to use the proceeds of the issue to alleviate problems facing communities in the south of the country that have been stricken by earthquake.

The 15-year notes will bear a margin of 1/4 per cent over the six month offered rate for Eurodollar deposits in London (Libor).

Yesterday they were trading well within their total fees of 99 basis points at a discount of about 68 points. Co-lead managers are Banca Commerciale Italiana, Credit Suisse First Boston, IBI International and Merrill Lynch.

Dealers said one attraction of the issue was its rarity value as a conventional floating rate note in a market that has become dominated by paper issued by commercial banks with weekly coupon fixings. The size of the issue also means it should be actively traded unlike smaller Italian bond issues in the past.

There was, however, a definite feeling of overkill in the floating rate note market yesterday after last week's euphoria. Two more banks - Chemical New York and Canadian Imperial Bank of Commerce - launched floating rate issues yesterday and both were moving rather slowly last night.

Both issues are for \$150m over 12 years and both bear interest at the mean of the three month bid and offered rates for Eurodollar deposits in London.

Interest will be fixed weekly to allow investors to fund the paper with cheaper one-week money.

Fixed rate dollar issues are also up to 1/4 point yesterday on profit-taking after last week's gains. Investors are nervous about the large U.S. treasury financing due in New York this week and about the continuing climb of the federal funds rate.

Continental European markets were very quiet yesterday.

BHF Bank bond average		
	August 6	Previous
High	98.967	98.945
Low	100.009	98.956

## Swiss lending at record high

By John Wicks in Zurich

FOREIGN borrowings on the Swiss capital market reached a record level in the first half of this year according to the Swiss National Bank. Borrowing transactions subject to national bank approval totalled more than SwFr 23.9bn (\$8.75bn) for the period, or about 18 per cent more than for the corresponding six months of 1983.

Although business expanded less rapidly on the Euromarket, Swiss issues by foreign borrowers continued to grow, reflecting the lifting of calendar restrictions on foreigners' bond issues at the start of the year. Their value rose sharply from SwFr 5bn to SwFr 6.2bn.

Notes issued by only about 2 per cent to SwFr 11bn, more than half the total still being accounted for by Japanese private placements.

In the authorised bank lending field finance loans went up from SwFr 3.6bn to SwFr 4.7bn and export credits from SwFr 757m to SwFr 1.25bn for the period.

## OVER-THE-COUNTER

Continued from Page 22

Stock	Sales (thd)	High	Low	Last	Chng
Amersal	1178	23 1/2	22 1/2	22 1/2	+1/4
Amersal	1178	23 1/2	22 1/2	22 1/2	+1/4
Amersal	1178	23 1/2	22 1/2	22 1/2	+1/4
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Andrews Industrial Equipment Ltd

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## Indices

	Aug 6	Aug 5	Aug 2	Aug 1	High	Low
AUSTRALIA All Ord. (11/10)	733.8	715.0	785.5	897.8	737.8 (8/1)	868.5 (16/4)
Belgium All Ord. (11/10)	452.9	448.2	448.2	418.5	477.1 (8/1)	443.3 (16/4)
Canada All Ord. (11/10)	52.9	52.8	52.8	52.8	52.8 (8/1)	52.8 (16/4)
France All Ord. (11/10)	148.78	148.82	148.84	144.51	158.25 (7/5)	155.28 (16/4)
Germany All Ord. (11/10)	182.7	182.4	182.4	182.4	181.7 (8/1)	185.8 (16/4)
Hong Kong All Ord. (11/10)	111.8	111.8	111.8	111.8	111.8 (8/1)	111.8 (16/4)
Italy All Ord. (11/10)	104.7	104.7	104.7	104.7	104.7 (8/1)	104.7 (16/4)
Japan All Ord. (11/10)	184.3	184.3	184.3	184.3	184.3 (8/1)	184.3 (16/4)
Netherlands All Ord. (11/10)	158.4	157.4	158.4	158.4	157.4 (8/1)	158.4 (16/4)
Norway All Ord. (11/10)	285.88	285.8	285.8	285.8	285.8 (8/1)	285.8 (16/4)
Spain All Ord. (11/10)	84.87	84.87	84.87	84.87	84.87 (8/1)	84.87 (16/4)
Sweden All Ord. (11/10)	101	101	101	101	101 (8/1)	101 (16/4)
Switzerland All Ord. (11/10)	101	101	101	101	101 (8/1)	101 (16/4)
World All Ord. (11/10)	175.5	174.4	175.1	180.5 (8/1)	184.5 (16/4)	